FAMILIES IN CRISIS: THE PRIVATE SECTOR RESPONSE

HEARING

BEFORE THE

SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES HOUSE OF REPRESENTATIVES

NINETY-EIGHTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, D.C. ON
JULY 12, 1983

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CONTENTS

	Page
Hearing held in Washington, D.C., on July 12, 1983	1
Statement of:	
Angell, Stephen, executive director, Family Services of Dutchess County, Poughkeepsie, N.Y	113
Carr, Virgil, president, Family Service Association of Detroit in Wayne County	101
Coler, Greg, director, Illinois Department of Children and Family Services, Springfield, Ill	77
Elmer, Elizabeth, Parental Stress Center, Pittsburgh, Pa	106
Harris, Irving B., chairman, Pittway Corp., Chicago, Ill	82
Harvey, Father Thomas, executive director, National Conference of Catholic Charities, accompanied by Janice Haynes, Columbus, Ohio; and Matthew Ahmann, staff specialist, Government affairs	7
Marriott, Hon. Dan, a Representative in Congress from the State of Utah, opening remarks of	3
Middleton-Jeter, Verona, associate director, Henry Street Settlement, Urban Family Center, New York City	60
Miller, Hon. George, a Representative in Congress from the State of California; chairman, Select Committee on Children, Youth, and Families, opening statement of	2
Salamon, Dr. Lester, director, Center for Governance and Management Research, Urban Institute	18
Stern, Alvera, director, prevention and education services, Youth Services Center, Ames, Iowa	65
Prepared statements, letters, supplemental materials, etc.:	
Angell, Stephen L., M.A., CSW, ACSW, executive director, Family Services of Dutchess County, Poughkeepsie, N.Y., and president, New York State Association of Family Service Agencies:	
Addendum to testimony	128
"Falling Through The Safety Net": A study of the impact on human service cuts and unemployment on New York City families in 1982, an article entitled	123
Memorandum from Vicki Best to Steve Angel, dated July 7, 1983, subject, "Runaway and homeless youth"	120
Prepared statement of	117
Carr, Virgil H., president, Family Service of Detroit and Wayne County, prepared statement of	104
Coler, Gregory L., director, Illinois Department of Children and Family Services, prepared statement of	80
Elmer, Elizabeth, MSS, director of research, prepared statement of	109
Harris, Irving B., chairman, Pittway Corp., Chicago, Ill., prepared statement of	96
Harvey, Rev. Thomas J., executive director, National Conference of Catholic Charities, prepared statement of	12
Middleton-Jeter, Verona, associate director of the Henry Street Settlement, Urban Family Center in New York City, prepared statement of	63
Salamon, Lester M., director, Center for Governance and Management Research, the Urban Institute:	
Prepared statement of	25
Responses of Lester M. Salamon to Questions by Congresswoman Boggs and Congressman Dan Marriott	59
"Serving Community Needs: The Nonprofit Sector in an Era of Governmental Retrenchment," an article from the nonprofit sector project, the Urban Institute, Washington, D.C., September 1983	134
Stern, Alvera, Ed. D., director of prevention/education services, Youth and Shelter Services, Inc., Ames, Iowa, prepared statement of	75

FAMILIES IN CRISIS: THE PRIVATE SECTOR RESPONSE

TUESDAY, JULY 12, 1983

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES,
TASK FORCE ON CRISIS INTERVENTION,
Washington, D.C.

The task force met, pursuant to notice, at 9:30 a.m. in room 2118, Rayburn House Office Building, Hon. Lindy Boggs (task force chairperson) presiding.

Members present: Representatives Miller, Schroeder, Boggs, Mikulski, Leland, Levin, Rowland, Sikorski, Marriott, Fish, Coats, Wolf, Burton, and Johnson.

Staff present: Alan J. Stone, staff director and counsel; Ann Rosewater, deputy staff director; Marcia Mabee, professional staff; Christine Elliott-Groves, minority staff director; Donald Kline, senior professional staff; George Elser, minority counsel; and Joan Godley, committee clerk.

Mrs. BOGGS. I would like to welcome all of you to the first meeting of the Crisis Intervention Task Force. The focus of today's hearing is "Families in Crisis: The Private Sector Response."

As the select committee's first report indicates, families and individuals within those families are being buffeted by changes in our culture and changes in our economy. Today we will hear from representatives of agencies that are trying to respond to the needs of families in crisis.

They come primarily from a particular segment of the human services delivery system, the private nonprofit sector. They represent religious agencies, traditional family- and children-serving agencies, and more recently established agencies providing emergency shelter care. We will also hear about a unique partnership created by one State government with the corporate sector.

All of our witnesses come from economically distressed urban areas of our country, as well as economically distressed rural areas. We have asked to hear from them because, as we shall learn this morning, the private sector plays a very major role in the delivery of human services.

We shall also hear from a parent whose experience illustrates the crises many families in our Nation undergo and how critical timely intervention has been in stabilizing her family's life.

The witnesses who are here today will tell us about the trends in the kinds of problems families in crisis are bringing to their agencies in recent years, how they may have altered their service deliv-

ery to respond to those trends, and how they are managing recent shifts in funding resources.

More specifically, we will learn that, despite recent reports of an economic recovery, millions of American families are still in crisis. The private nonprofit sector—churches, family- and children-serving agencies, and also some corporate and business organizations—are making enormous efforts to meet the needs of families in crisis. Despite these efforts, the private sector has not been able to keep up with the dual events of sharply increasing demand for services and diminished resources.

We are pleased to have the witnesses who are here today. We wish we had time to hear from all regions of the Nation and from all of the other programs that are doing so much to serve families in crisis. Some of the trends and programs that exist in those regions are discussed in today's testimony from representatives of national organizations.

But we will also be holding, of course, field hearings in regions not represented today, and hope to hear from other important providers of critically needed services.

But let me stop now so that we can hear from those individuals who are more able than I am to tell you about these issues and concerns. First, I am sure, that some of the members of the committee would like to make some opening statements. It gives me great pleasure to invite the chairman of our select committee to make a statement at this time. Mr. Miller of California.

OPENING STATEMENT OF HON. GEORGE MILLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Chairman MILLER. Today's hearing, the first of the Crisis Intervention Task Force, continues our in-depth look at American families.

The witnesses today include private providers of crisis care for families, youth and children who will tell us, from the perspective of those working every day at the community level, the impact of the recession and budget cuts on families at risk.

Today we will hear about increases in homelessness, child abuse, drug and alcohol dependency among youth, and a range of other problems families are suffering more from than at any time since the depression. We'll see how changes in the economy and cutbacks in programs have put families at greater risk.

It will take more than a mild recovery to ameliorate the increased human suffering of the last few years. We have learned at earlier hearings that a child's development can be irrevocably upset should they experience the kinds of disruption in physical and emotional growth that we will hear about today. Of course, during this time our capacity to respond has been severely reduced by cutbacks in funds for services, especially children's services.

Today we will hear from a single working mother with a son in need of medical care who was thrown out on the street last year. Catholic Charities helped her find shelter for her family, and Federal support systems have sustained her while she looks for work.

We will hear from scholars who will show that the historic partnership between private and public human services has been jeop-

ardized by the funding cuts, cuts disproportionately suffered by children's services.

And, we will hear testimony from urban centers and rural counties trying to support families at risk. Tragically, as always, children are the greatest victims, as illustrated by the 65-percent increase in child abuse found by Catholic Charities.

I commend Mrs. Boggs and Mr. Fish for preparing such a comprehensive and illustrative hearing, the first for the Task Force on Crisis Intervention.

Mrs. BOGGS. Thank you very much, Mr. Miller. It is a real privilege to present to you the ranking member of the select committee, who has had a great deal to do with the excellence of the witnesses that are before us today, Mr. Marriott.

Mr. MARRIOTT. Thank you, Madam Chairperson. I appreciate the opportunity of being here today.

I think the committee is well aware of my concerns about the divorce rates in this country, about the changing family circumstances, about the new breed of family that we are seeing in America, about the crisis that this country has with families, and about the dangerous trends that I see out in our society affecting families, especially the tremendous increase in the poverty rate among some of our families.

I am indeed impressed with the idea of a new partnership being formed between the private sector and the public sector in trying to solve some of these problems of families, and I look forward to the expert witnesses that you have here today.

And again, thank you for holding these hearings. I look forward to the witnesses.

I would like to apologize in advance. My other committee has a very important issue facing the west today at the same time, on payments in lieu of taxes, and I will have to be in and out. But I will do my best to be here most of the day.

Mrs. BOGGS. Thank you very much, Mr. Marriott.

OPENING REMARKS OF HON. DAN MARRIOTT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. MARRIOTT. Thank you, Congresswoman Boggs.

At our last hearing the task force looking into prevention learned a great deal about the problems of low birth weight babies. Testimony was presented on the extent to which teenage pregnancy, and lack of early prenatal care contribute to having low birth weight babies and how this condition may lead to subsequent problems. The testimony presented on animal studies, and lack of infant stimulation and early childhood education was linked to subsequent learning and memory problems. In sum, the task force was told of a variety of conditions that may result in high risk children being born.

The burden of the testimony presented by the majority seemed to be that Government programs should provide for appropriate nutrition, for medical services, and make infant stimulation programs available to all children. The testimony flowed toward the conclusion that every child has a basic right to be born healthy and to

have his or her mind shaped by professionals who know what is most beneficial to subsequent learning and general development.

As I review the testimony provided by this distinguished group of scholars I cannot avoid wondering if we are not looking at symptoms, rather than causes. The concern I harbor, Madam Chairwoman, is that teenage pregnancy, lack of early and consistent prenatal care, poor nutrition on the part of the teenage mother, and a lack of appropriate stimulation of babies and young children is only symptomatic of more fundamental, underlying problems.

One does not have to be a specialist in nutrition, education, sociology or psychology, to understand that an unwed teenage girl who finds she is pregnant may not take advantage of those services that are available, for a variety of reasons. I submit that the unwed teenage girl who knows that her family will view her pregnancy as an additional economic burden, who feels that the family has disapproved of her premature associations with the father or who have not been supportive and interested in her welfare or activities in the past, is not likely to seek the most readily available sources of support and help. On the contrary, she is likely not only to deny her own pregnancy as long as possible, she is likely to hide it longer from her family and friends. In her attempts to hide her pregnancy she may fail to get the proper nourishment even though it is available, avoid going to the family physician or program designed to provide help, even though both may be readily accessible. She follows this course for fear of being found out. She may even seek what she perceives to be a solution by running away from home, seeking out an abortion clinic, or even suicide. When any of these solutions are selected by the unwed, pregnant, preteen or adolescent girl, the inevitable result is the tragic loss of human potential. At its worst, we see the loss of human lives. At best, we have a teenager who is not ready physically, psychologically, or economically to have and care for a child.

As I noted for the record on June 16, 1983, there is ample evidence to illustrate how rapidly the process of deterioration of the American family is occurring. I continue to believe that the accelerating rate of family deterioration is one of the major problems with which the select committee should be concerned.

To put the current data into perspective we need to consider an earlier report from the Census Bureau. In 1975 the Census Bureau published a series of four different projections about the future of the family. According to the most pessimistic of the four projections, the number of American husband-and-wife families would be 50.1 million by 1978, accounting for 66 percent of the total households. Yet in just the past few years this most pessimistic projection has turned out to be too optimistic. The actual number of husband-and-wife families in 1978 was not 50.1 million. It was only 47.4 million or 62 percent rather than the 66 percent projected in the most pessimistic prediction. And, as we know from our first committee report, the trend seems to be continuing at an accelerating rate. If this trend continues, the result will be no husband-wife families by the year 2008 according to the projections.

A second example may be found in a report entitled "10 Ways Families Have Changed." This report was published in June 1980 by U.S. News and World Report. Using only a few of the 10 ways

noted in the report, we find: (1) the divorces granted between 1970 and 1980 were up 65.3 percent; (2) the number of children living with two parents was down by 18.0 percent while the number of children living with one parent was up 40.1 percent; and (3) the number of unmarried couples—couples who were living together but who had made no long-term commitment to each other or to the children that may be the result of this relationship—was up 57.4 percent between 1970 and 1980.

I am of the opinion, Madam Chairperson, that much of the data we accumulate during the course of these hearings while impressive and accurate may not be related to our basic problems. I am hopeful that as we examine these data and the data presented in our first select committee report we maintain an awareness that we may be looking at facts and figures indicative of symptoms of family deterioration. I believe it is appropriate for us to look beyond the facts and figures to determine, to the extent possible, what the underlying causes of the problems are. The statistics that mirror the crisis in far too many American families and the conditions that preceded such crisis must be identified if we are to prevent them.

Mrs. BOGGS. Now I would like to introduce our first witness and perhaps set a few ground rules for all the witnesses—oh, I am sorry. Excuse me.

We have two very distinguished members of the committee here. Why do you not move up a little closer. Next we would like to hear from Mr. Leland of Texas.

Mr. LELAND. Thank you, Madam Chairperson.

I think it is rather interesting that we would be meeting in this room on this particular issue. Madam Chairperson and members of the committee, ladies and gentlemen, today we will take up the role of the private sector in providing the necessary and vital services to many individuals in society that the Federal Government is no longer able to assist with the rigor that it once did.

Due to the Federal reductions in budget, additional strains have been placed on the private sector to perform, and with this increasing responsibility the necessity of discovering alternative sources with which to fund these activities. As a result of an uncertain economy, it has become apparent that the Federal role, as well as the private response, must be reexamined and possibly be redefined in order to pursue a coordinated approach to identifying and solving the increasing problems of hunger, housing shortages, unemployment, and family violence, to name but a few.

I commend the committee and you, Madam Chairperson, for assembling such distinguished panelists for the examination of the private sector response to this problem.

I thank you.

Mrs. BOGGS. Thank you very much, Mr. Leland.

Now we would like to hear from Mrs. Schroeder of Colorado, who is a very important member of the committee.

Mrs. SCHROEDER. Thank you very much, Madam Chairwoman. I want to say what a delight it is to be in this room doing something about families. I serve on the Armed Services Committee and it is wonderful to see concern about families in crisis. One of my great frustrations has been trying to get the military to discuss that

issue. They really do not think that is something important enough to discuss. Real men do not discuss those kinds of things.

Nevertheless, I think if you really want to talk about the security of this country, we are missing the point if we don't look at what has happened to families in the type of environment they are living in today. It is probably a whole lot more important than the MX or any other thing that real men think are the real issues.

So it is nice to have real issues addressed in this room today. I thank you very much for having this hearing.

Mrs. BOGGS. Thank you so much, Mrs. Schroeder.

And we are pleased that the ranking member of our task force is here. It gives me great pride to present Mr. Fish.

Mr. FISH. Thank you very much, Madam Chairman. I would like to thank the majority for bringing together a fine panel of witnesses for our hearing today on "Families in Crisis, the Private Sector Response." I would particularly like to thank the majority for including witnesses selected by the minority.

All of our witnesses today come from backgrounds and experiences that include a variety of disciplines. Each is well qualified to give this task force information about how the private sector, in partnership with State, local, and Federal agencies, has responded to assist families in crisis.

I think it is important for us to remember that it is difficult, if not impossible, to separate crisis intervention from prevention, even though we have organized our task forces along these lines. Recognizing that we must have some method of attacking the complex problems of children, youth, and families in today's society, I do not take issue with the way our task forces are organized or the topics which each task force is designed to address.

One reason crisis intervention and prevention cannot be clearly separated is found in the generational effect of family problems. We know, for example, that the abusing parent is likely to have been abused as a child. We know that the bonds of poverty, drug and alcohol abuse, and many other family problems seem to be handed down from one generation to another, like a family heirloom.

The point I would like to make is that while a family crisis requires intervention of someone from outside the family, usually a State or local agency because of statutory requirements, appropriate crisis interventions also function as prevention. At the very least, crisis intervention should prevent a reoccurrence of the specific crisis. At its best, crisis intervention provides the avenues through which long-term prevention may proceed.

In my view, all of the task forces must be concerned not only with the immediate problems of children, youth, and families, but also with long-term solutions. The solutions to unique human problems and the social, religious, and ethnic overlays these problems present to the individuals concerned may not be within feasible or appropriate limits of the Federal Government. Long-term solutions must resolve the true causes of these problems that lead to family crisis.

I would also like to thank you, Madam Chairman, and the majority for your cooperation and willingness to look at factors beyond the realm of biological factors that may affect the brain, the devel-

opment of the child in the uterus, and the nutritional requirements for the delivery of a normal healthy baby to a normal healthy mother. Only as we look into the causes of family destruction and the causes of the teenage pregnancy and the causes of child abuse and neglect, the causes of drug and alcohol abuse, will we seek out the long-term solutions.

Mrs. BOGGS. Thank you very much, Mr. Fish.

I would like to introduce our first witness, and in so doing I would like to set a few ground rules. We will of course be pleased to enter into the record the written statements of all the witnesses. We would hope that you would limit your presentation, paraphrasing any way you wish, summarizing in any way you wish, to not more than 10 minutes.

I would like to introduce Father Thomas Harvey, who is executive director of the National Conference of Catholic Charities, the largest private social services organization in the Nation. We are so pleased to have you here today, Father Harvey.

I am told, Father Harvey, that Janice Haynes has arrived.

STATEMENT OF FATHER THOMAS HARVEY, EXECUTIVE DIRECTOR, NATIONAL CONFERENCE OF CATHOLIC CHARITIES, ACCOMPANIED BY JANICE HAYNES, COLUMBUS, OHIO; AND MATTHEW AHMANN, STAFF SPECIALIST, GOVERNMENT AFFAIRS

Reverend HARVEY. Good morning.

Chairperson Boggs, Mr. Miller, members of the task force, I am Father Thomas Harvey. As I was introduced, I am the executive director of the National Conference of Catholic Charities.

I ask that my staff specialist on matters of Government be with me today, Mr. Matthew Ahmann.

Mrs. BOGGS. We are very pleased to have you.

Reverend HARVEY. Our conference is a federation of some 700 human service agencies and 230 specialized institutions providing services in virtually all parts of the United States. Catholic Charities is sponsored by a religious denomination committed both to helping meet the immediate human needs of the poor and hurting in our country and to working for a more just social order in which people can meet their own needs and share with others.

Without going into great detail, as my written testimony has much of this, our system provides over 50 kinds of services. We do treat the elderly in residential settings. We have emergency food centers, we have shelter services, and various kinds of professional counseling to meet people on various levels of human need.

In addition, on our board of directors we are tied to three other volunteer service organizations of the Catholic Church: the Society of Saint Vincent de Paul, the Christ Child Society, and the Ladies of Charity, each of which involve thousands of volunteers and voluntary contributions at the neighborhood level across this country.

Mrs. Boggs, I would like to express our gratitude for your invitation to testify before your task force on crisis intervention. Catholic Charities has an interest in the other two task force areas, and we also look forward to giving testimony when they convene their hearings.

But perhaps we should note today that it is fortuitous that our first appearance is before the Crisis Intervention Task Force, since the crisis, including the current one in the human service field, mirrors some problems of economic security, the concern of Congresswoman Schroeder's task force, and might provide some insight into prevention strategies, which is the subject of the task force chaired by Mr. Lehman.

We worked with Congressman George Miller and the cosponsors of the House Resolution which created this committee because we are keenly aware that the agenda of the various authorizing committees were frequently so crowded to preclude any significant oversight of Federal programs impacting on families and on family life, and also because we have long been convinced that the absence of any generic family-oriented vision with a locus in a congressional committee and in the relevant Departments really left a gaping hole in evaluating Government impact on families and in sensitizing more specialized programs to more generic country needs.

I could just speak aside for a moment. So many of our programs are based on what many call the deficit model: If you prove yourself a failure in your personal life and your work life, in your relationships or in your parental responsibilities, then somehow the Government may have a program to meet your needs.

But there has not seemed to have been any holistic vision of how to encourage the strong qualities of family relationship and the independence that families really need.

Catholic Charities of its very nature as a service system has always served families in crisis. But to understand what we are coping with today, we really do have to go back during the last 10 years.

In 1973 our agencies reported income of just over $181 million, 25 percent of which was from one Government source or another. There were approximately 25,000 paid staff and 41,000 volunteers active in various service programs.

By 1980, our agencies reported an income of over $523 million, and this was during a time of relative growth, even though there were fluctuations and various recessions during that 7-year period. By 1981 this had fallen to about $490 million, a loss of approximately $33 million. In 1982 our collective agency income seems to have gone over the $500 million mark again, because of reaching out into new sources of income and especially getting the private contributions to rise in the service area.

I would like to make a correction in my written testimony. We cannot understand why, but somehow between 1981 and 1982, in spite of the loss of perhaps $100 million in Government contracts, our staff did not fall, but actually rose during that period. I noted that it dropped. The drop was from 1980 to 1981, not from 1981 to 1982.

Our increase in volunteers during this same 2-year period was over 31,000 to our present level of 101,000 people.

As you are aware, the United States experienced a series of recessions during the 1970's. In each of these recessions, Catholic Charities agencies managed to serve an increased caseload, and in each of those recessions we ran a significant deficit, drawing on

modest endowments, going into our capital reserve funds frequently.

But for us the major lesson to be learned from that period, 1973 to 1980, was that increased Federal resources flowing through the States were able to leverage significantly increased private contributions. We feel that is an extremely important characteristic of that period that seems to be lacking at the present time, and we would opt for a return to many of those national priorities that permit leveraging to encourage the participation of both the private sector and the State service system.

Often it was the provision in Federal law that the States had to provide some percentage of matching money to draw down the Federal dollar which provided the incentive for and enabled private nonprofit human service organizations to go to the financially strapped States and offer the money to make the State match.

Now with block grants what we are finding is competition with the local municipalities in going to the foundations, a traditional source that we have used to give service. Now we find, with the rivalry for money at the local level, very frequently we are in competition with public sector activities in order to deliver services.

We think that was a good Federal policy and it is why we were so discouraged when the matching requirement was eliminated in so many programs by the 1981 Omnibus Reconciliation Act. Given the financial situation of the States, that action has resulted in an unnecessarily large decrease in spending to meet the specialized needs of a growing population of hurting people.

That act also, as you know, relaxed State plan requirements, an omission that we feel has been very detrimental to human services and in many States substantially weakened the partnership between the States and the nonprofit sector.

But what of the past few years? We have observed and experienced changes in problems coming to our agencies and in our own delivery programs. How have these changes impacted on our agencies and how has Catholic Charities responded?

I have answered part of this set of questions when I reported our substantial income fluctuation of the past few years. Catholic Charities' decrease in 1 year and a slight increase in another, but especially the movement from professional staff to volunteers, shows the kind of responses that the private sector has had to call upon.

One of the constant services provided by Catholic Charities agencies is emergency assistance. This would be the basics—food, shelter—the kind of survival activities that give very little hope. They merely keep people alive for a certain period of time. From 1981 to 1982, we have increased the provision of emergency meals from 496,000 to 998,000, approximately a 100-percent increase in 1 year.

In New York, our agencies reported an 82-percent increase in food assistance requests. A daily meal program supported by Catholic parishes in Baltimore used to feed 150 people and now feeds 500 to 600 people a day. The room can only accommodate 45 people at a time, so people have to eat quickly and make room for those waiting. There was just no preparation for the kind of demand that is actively at the door of that agency.

Our agencies report that the last 2 years meal programs have shifted from serving mostly single adults to serving an increased

number of intact families, an increased number of mothers with children. And I almost apologize for the use of the word intact, because surely people driven to live in the streets without permanent residence, begging for food, can hardly be said to be intact.

Agency food bank activity increased 100 percent from 1981 to 1982. Many agencies and many Catholic parishes have had requests for food triple and even quadruple, and some have had to even ration food in order to have some for everybody.

I list in my testimony reports from various cities—Buffalo, Omaha, Orlando, Fla., San Diego, Calif. I do this in order to dramatize the national significance. It is not the cities affected by capital flight, excusing the Sun Belt. It really is a national phenomenon that we are witnessing.

In Omaha, the Catholic Charities pantry served 18,270 people last year, up 12,000 from the year before. And it really hurts providers of human services to have to have a policy of providing only 3 days of food to a family and that family can only return 3 times in a year. That really gives some insight into what the safety net is. We just are not prepared for the kind of demands that are being laid upon us at the present time.

This April the Saint Vincent de Paul Center in San Diego distributed 400,000 pounds of food to some 30,000 people who volunteered a registration fee and a few hours of volunteer work for a local church or community agency. This was not done as workfare so much as to create a sense of a community co-op, so that people could sense a belonging and a control over their own life. Large families can pay multiple registration fees, with a ceiling of $66, and receive up to $300 worth of food.

Emergency shelter for single adults grew from 3,900 in 1981 to 63,000 in 1982. Fortunately, some of our Catholic schools were not doing so well, so they were converted into facilities for the people living in the street. Otherwise, I do not think this statistic would have been possible. Emergency shelter for families and children nearly tripled in that same time, to 71,000.

In 1982 grants of emergency financial assistance increased 26 percent over the preceding year. Over 600,000 families in this country received some kind of financial assistance, and this does not include, because we do not have the statistics, the Saint Vincent de Paul Society.

If all this suggests to you that there are more people on the streets, you would be correct. But not only the traditionally observed street people, but again I repeat, various configurations of families are walking our streets.

I reported before another subcommittee earlier this year of an incident that took place in Denver, where a young man and woman and their baby were living in a car in the streets of Denver. The woman was working in a convenience food place, the father was in the car taking care of the child. The child began to wheeze, was taken to a local hospital, and died of hypothermia. That is a condition that is really intolerable in a nation of so many resources.

High rates of long-term unemployment, frequent evictions, spousal desertion, can also mean parting with one's children. As we were preparing for this testimony, our New Orleans agency, our Galveston and Houston agencies reported their experience with

women facing the agonizing decision of whether or not to give their children up for short-term crisis housing or for long-term foster care placement. What a terrible decision to have to make.

I correct again my testimony. We say that New Orleans does not have a shelter. I apologize to you, Congresswoman Boggs, because you come from New Orleans. There is a shelter; however, the price is prohibitive. Three dollars a night for a long term for somebody that has no money becomes difficult.

Second, you are not allowed to have it as a permanent reference, an address; therefore, you cannot apply for AFDC grants. One policy counteracts the other. The woman is put in the position of not being able to make a reasonable decision, to give up her child when she is not able to support the child.

In San Francisco, one facility nightly admits 40 women and children who have to sit around a table all night since there are no beds available. The influx was just so great that there was no accommodation to meet this.

I mention some of these things, including the anguishing choice of foster care, not as a commentary on the communities which reported them, but because these phenomena occur in much of the country, though probably with more frequency in States which will not provide AFDC to intact families, even though the Federal Government pays much of the bill, and that is almost 50 percent of the States.

I mention them because the Federal Government has the responsibility and cannot abdicate it on the basis that individuals can pick up the slack, or even organized charity has the resources to pick up the pieces for economic policies that are dislocating people all over the place.

We would plead for the permanent enactment of some kind of countercyclical revenue sharing, a jobs program, if you will, to be triggered by some specified unemployment rate. It is not good for the integrity of the individual or for family life to have long periods of unemployment, even if it does bring the inflation rate down. It is destructive, as Congresswoman Schroeder mentioned, to the basic resource of this Nation—human dignity, the human person.

I also want to stress before closing the growth—and I think it was Congressman Fish who mentioned it—in the abused activities, because it is not just the children of abused who are abusing. We are learning through studies like Harvey Brenner, Johns Hopkins University, that when people are dislocated from their work over a long period of time, abuse is one of the characteristics that will result.

So we are creating a condition that can perpetuate abuse into generations that did not have it in the past. From 1980 to 1981 the number of abused adults coming to our agencies jumped from 7,000 and some hundred to 13,000.

In the area of physical care, you will notice our statistics, even though we are not heavily involved in the health industry. But because people are desperate to get medical services, they are turning to our small agency clinics, and the numbers are swelling in proportions that are hard to believe.

In 1980 we served 59,000 people in our clinics. In 1981 this jumped to 141,552. Some of that is preventative, gynecological

work. Some of it is nutritional or malnutritional activities, or reflections on the physical condition. But the statistics are glaring, though, in the rise that took place during these years.

Let me just mention that the Select Committee on Children, Youth and Families could invite the Office for Families in the Department of Health and Human Services to work with the voluntary sector to improve necessary data collection. These statistics I am giving you are largely measured by telephone conversations. We do not have the staffing to release to do this kind of work, and therefore, as I mentioned several times in areas that I have skipped, we doubt our own information. We think we are undershooting in the statistics that we are sharing with the task force.

This is, however, not an accolade for the voluntary sector. Our concern for these people and our efforts to meet their needs is not something we take pride in. We try, but we do not meet the needs of all.

The voluntary sector cannot make up for Government contraction in the human service field. What we see in our communities is not just a recession, but deliberate decisionmaking on the part of the Federal Government to contract our commitment to people in need. It is the recession and this Federal contraction which have put more families at risk.

In the future, we hope the Federal Government will meet its responsibilities to meet the needs of all who suffer from economic downturns which are surely not their fault. This last upheaval has proved that beyond a doubt.

We believe that all people have certain entitlements. In our own Catholic faith we look to the teaching of John XXIII that said, "Every person has the right to life, to bodily integrity, and to the means which are suitable for the proper development of life. These are," he said, "primarily food, clothing, shelter, rest, medical care, and finally, necessary social services."

I would hope that those minimal resources would be available to every citizen of the United States.

Thank you very much.

[Prepared statement of Father Harvey follows:]

PREPARED STATEMENT OF REV. THOMAS J. HARVEY, EXECUTIVE DIRECTOR, NATIONAL CONFERENCE OF CATHOLIC CHARITIES

Chairwoman Boggs, and members of the Committee, I am Father Thomas Harvey, Executive Director of the National Conference of Catholic Charities. Our conference is a federation of some 700 human service agencies, and 230 specialized institutions providing services in virtually all parts of the United States. Catholic Charities is sponsored by a religious denomination committed both to helping meet the immediate human needs of the poor and hurting in our country and to working for a more just social order in which people can meet their own needs and share with others.

Catholic Charities programs range from providing child care to residential facilities and programs for the elderly. We provide a variety of counseling services for families in stress, and we have programs to help substance abusers. We provide emergency assistance—shelter, clothing and food—and we provide advocacy and legal assistance to enable people in need to secure what is due them. Our agencies have well over 50 program services. I should note that while our agencies do have paid professional staff, they also utilize over 100,000 volunteers in program delivery.

In addition several substantial all-volunteer service organizations in the Catholic community are affiliated with us—the Society of St. Vincent de Paul, the Christ Child Society and the Ladies of Charity, each of which involve thousands of volunteers and voluntary contributions at the neighborhood level across the country.

Along with other religious denominations we believe in taking care of "our own", and agency services, and especially services at the parish and neighborhood level help us meet that responsibility. Along with other religious denominations we also believe in providing services to others who are not of our religious denomination. We are deeply committed to providing services to all who come to our doors, or all whom we encounter in our outreach programs.

Mrs. Boggs, I would like to express our gratitude for your invitation to testify before your Task Force on Crisis Intervention of the Select Committee. We have an interest in the other two task force areas also, and look forward to meeting with them at another time. Perhaps it is fortuitous that our first appearance is before your Crisis Intervention Task Force, since a crisis, including the current one in the human service field, mirrors some problems of economic security, the concern of Congresswoman Schroeder's task force, and might provide some insight into prevention strategies which is the subject of the task force chaired by Mr. Lehman.

We worked with Congressman George Miller and the co-sponsors of the House Resolution which created this Committee, because we have been keenly aware that the agendas of the various authorizing committees were frequently so crowded as to preclude any significant oversight of federal programs impacting on families and family life, and also because we have long been convinced that the absence of any generic "family" oriented vision with a locus in a Congressional committee and in the relevant departments, really left a gaping hole both in evaluating government impact on families and in sensitizing more specialized programs to generic family needs.

Catholic Charities has always served families in crisis. But to understand what we are coping with today you have to look back briefly for a decade. In 1973 our agencies reported income of just over $181 million, 25% of which was from one governmental source or another. There were about 25,000 paid staff, and 41,000 volunteers were active in various service programs. In 1980 our agencies reported income of just over $523 million, though by 1981 this had fallen to about $490 million, a loss of $33 million. In 1982 our collective agency income seems to have gone over the $500 million mark again, though we have some concern about the reliability of the figure, since we lost over 4,000 paid staff in that one year. At the same time our use of volunteers jumped over 31,000 to 101,558.

As you are aware, our country experienced a series of recessions during the 1970s. In each of those recessions Catholic Charities managed to serve an increased case load, and in each of those recessions we ran a significant deficit, drawing on modest endowments, or increased amounts of in-kind resources from the Catholic community, or taking out loans.

But for us, a major lesson to be learned from 1973 to 1980 was that increased federal resources flowing through the states were able to leverage significantly increased private contributions. Federal resources and the added private money enabled us to reach out and serve countless thousands of hurting people who had been going unserved. The fact that our reliance on fees for service decreased over those years does not mean we were not charging fees from those who could afford them, but rather that, increasingly, families and children and young people who needed counseling or some other form of help, but who could not afford to help pay for it, were able to get that help.

Often it was the provision in federal law that the states had to provide some percentage of matching money to draw down the federal dollar which provided the incentive for and enabled private non-profit human service organizations to go to the financially strapped states and offer the money to make the state match. In turn the states contracted for an increasing amount of services with the non-profit sector. We think that was smart on the part of the federal government. And that is why we were so discouraged when the matching requirement was eliminated in so many programs by the 1981 Omnibus Reconciliation Act. Given the financial situation of the states, that action has resulted in an unnecessarily large decrease in spending to meet the specialized needs of a growing population of hurting people. That act, also, as you know, relaxed state plan requirements, and in many states substantially weakened the partnership between the states and the non-profit sector.

But what of the past few years? Have we observed and experienced any change in problems coming to our agencies and in our own program delivery? How have these changes impacted on our agencies and how we responded?

I have answered part of this set of questions when I reported our substantial income fluctuation the past several years, our decrease in staff and our reliance on a substantially increased number of volunteers.

One of the constant services provided by our agencies is emergency assistance. From 1981 to 1982 we have increased the provision of emergency meals from 496,514

to 998,685. In New York our agencies report an 82% increase in food assistance requests. A daily meal program supported by Catholic parishes in Baltimore used to feed 150 people and now feeds between 500–600 people daily. The room can only accommodate 45 people at a time, so people have to eat quickly to make room for those waiting. Our agencies report that the last two years meal programs have shifted from serving almost only single adults to serving an increased number of intact families, an increasd number of mothers with children.

Agency food bank activity increased 100% from 1981 to 1982. Many agencies, and many Catholic parishes have had requests for food triple and even quadruple, and some have had to ration food. Our Buffalo agency had 327,000 requests for emergency food assistance in 1982, up from 160,000 in 1981. In Omaha, the Catholic Charities pantry served 18,270 people, up 12,000 from the year before. They report that they have implemented a policy of providing only three days food to a family, and that only three times a year. At the same time, they say they are only scratching the surface of feeding hungry people. Even in the sunny clime of Orlando, Florida, our agency reports doubled requests for emergency services. This April the St. Vincent de Paul Center in San Diego distributed 400,000 pounds of food to some 30,000 people who volunteered a registration fee and a few hours of volunteer work for a local church or community agency. For this the registrants will receive a monthly package of about 55 pounds of food including eggs, fresh vegetables, meats and beans. Large families can pay multiple registration fees, with a ceiling of $66, and receive up to $300 worth of food.

Emergency shelter for single adults grew from 3,900 in 1981 to 63,000 in 1982. Emergency shelter for families and children nearly tripled in the same time to about 71,000.

In 1982 grants of emergency financial assistance increased 26% over the previous year. Over 600,000 families received some financial assistance. In addition it should be noted that our affiliate, the all-volunteer St. Vincent de Paul Society, provided emergency assistance to over a half million families in 1982.

If all this suggests to you that there are more people on the streets you would be correct. But not only the traditionally observed "street people." More breadwinners are unemployed longer than at any time in our recent history. In many states, as you know, intact families, whose other benefits have run out are not eligible for AFDC. Many families split for simple economic reasons. You find intact families on the streets, and you find mothers with children on the streets. We're talking about street families. We are talking about children who are very ill from living outside in the winter. One of our agencies reported a baby who died of hypothermia, even though bundled up in the auto where he was living with his mother and father.

Our Denver agency reported a 512 increase in emergency beds in shelters in 1982, to a total of 800. They estimated that an additional 500 beds were needed. A parish there has just converted a whole school into a shelter, with dormitories, family rooms, showers, a cafeteria and a commons room. In order to keep the facility clean, those who use it—adults and children—have to vacate it during the day, and spend their time on the streets.

High rates of long term unemployment, frequent evictions, spousal desertion can also mean parting with one's children. As we were preparing for this testimony, our New Orleans agency and our Galveston-Houston agency reported their experience with women facing the agonizing experience of deciding whether or not to give their children up, for short term crisis housing or for longer term foster care placement sometimes necessary to enable the mother to try to find some employment and stabilize her situation, or to qualify for AFDC. Until now there has been no family shelter in New Orleans, but the YWCA, with state funds, has a Crisis Care Center where children can be kept for up to 30 days, and where a mother can visit. Such a facility has been necessary for mothers who are unemployed and ineligible for AFDC, because they do not have permanent addresses. Our agency says it costs about $600 a family to get them moved into a permanent address, and the resources are not available. As a result our agency is starting a job bank to help the mothers, and also, I believe, plans to develop a family shelter. I am told that 25 percent of the children placed voluntarily at the Crisis Care Center are eventually placed in foster care.

In San Francisco, one facility nightly admits 40 women and children who have to sit around a table all night, since there are no beds available.

I mention some of these things, including the anguishing choice of foster care, not as a commentary on the communities which reported them, but because these phenomena occur in much of the country, though probably with more frequency in states which will not provide AFDC to intact families even though the federal government pays much of the bill. I mention them, too, not because the numbers are so

large. I mention them because the federal government has some responsibility. In both the case of the mother putting her kids in foster care, and the case of the father deserting his family so the mother and children can qualify for AFDC, the federal government, which foots much of the bill is paying to keep families apart not to keep them together.

It should be obvious from what I have said thus far that our agencies have had to shift considerable attention and considerable energy and considerable resources to meeting these emergency needs. This is always the case in a recession, but in the recent decades, never this severe. A good part of the reasons, we think, is the substantial reduction in what is normally called countercyclical assistance from the federal government to the states and to local government. We would plead for the permanent enactment of countercyclical revenue sharing, and a jobs program, to be triggered by some specified unemployment rate. Most urgently needed are public service job slots, which can be used in the non-profit sector also—to enable families to maintain some dignity in the face of economic troubles not of their making. Along with a countercyclical extended unemployment insurance program, and some provision for health benefits, a goodly measure of the impact of a recession on those now unfairly bearing the brunt of difficult economic times could be relieved. Our view is that such programs are a federal responsibility. Along with the Catholic Bishops we do not believe unemployment should be used as a tool to reduce inflation. The basic needs of families must be protected if families are to remain intact and maintain their resilience and strength.

There are other kinds of emergencies than the above.

From 1980 to 1981, the number of abused adults coming to our agencies jumped from 7,244 to 13,566. Many of our agencies have opened new shelters for abused wives and children. Many have increased their counseling to the total family involved, because most abused spouses do go back home.

And children? In 1980 our agencies served 13,312 abused children. In 1981, 19,070. And in 1982 we served 21,988 abused children.

Catholic Charities social agencies are not a big provider of health care, though Catholic sponsored hospitals are. But we do run some clinics. Since extended unemployment has left an increasing number of families with no health care protection you would expect clinic visits to increase. In 1980 we served 59,436 people in our clinics. In 1981 this had jumped to 141,552. I do not have a 1982 figure on this, as we have a reliability question about the reported data.

In addition, agencies tell us that they face a markedly increased case load of people and families seeking help because of substance abuse, though on this question our survey date seem unreliable. Other studies, though, corroborate our agency reports.

Our current experience reminds us of the need to make available resources to provide preventative services such as day care, homemakers and counseling, and surely to provide counseling services to all parents under stress.

Such data as I have been able to give you is hard to come by. A non-profit agency such as ours, devoting its resources to services to an increasing case load of hurting people, does not have the resources to devote to the careful research and documentation needed. Perhaps the Select Committee on Children, Youth and Families could invite the Office for Families in the Department of Health and Human Services to work with the voluntary sector to improve necessary data collection. It would seem some modest expenditure might reap useful results in providing the background to help us all make sound policy judgments.

Catholic Charities is maintaining its basic services even in the face of increasing case loads. In addition we have responded to meet a whole range of immediate survival needs for hundreds of thousands of families and their children.

We have done this with reduced budgets in many cases, surely with reduced federal dollars, and with a reduction of paid staff. Because of the increased case loads, burnout, always a problem in the human service field, and frustration, are not uncommon experiences. But as a religious agency, committed to helping people, we will go where the people have needs.

This is, however, not an accolade for the voluntary sector. We try, but we do not meet the needs of all. The voluntary sector cannot make up for government contraction in the human service field. What we see in our communities is not just the recession, but also the result of deliberate federal government contraction. It is the recession and this federal contraction which have put more families at risk. In the future, we hope, the federal government will meet its responsibilities to meet the needs of all who suffer from economic downturns which are surely not their fault. We believe that all people have certain entitlements. In his encyclical, Pacem in Terris, Pope John XXIII taught that ". . . every person has the right to life, to

bodily integrity, and to the means which are suitable for the proper development of life; these are," he said, "primarily food, clothing, shelter, rest, medical care, and finally the necessary social services."

Mrs. BOGGS. Thank you, Father, for that beautiful testimony. I understand that you have a witness with you, who has just arrived. We are so happy that she is here. Ms. Haynes apparently met a new crisis on her way to the hearing.

If you would like to introduce her at this time.

Reverend HARVEY. It is a very great honor for me to introduce somebody that I have never met. But the staff of this task force took the trouble of trying to find a particular person and family who has been affected by some of the things that I commented upon, and ironically, when they went out they identified a woman from Columbus, Ohio, who is being served by the Catholic Charities agency in that community.

Her name is Janice Haynes and, in addition to many problems which I am sure she will share with the task force, her car, which was not an elegant one, was stolen last night and so she was delayed in arriving today. So I present to you Ms. Janice Haynes.

Mrs. BOGGS. We are very happy to have you here, and we are sorry you had such trouble in arriving.

Ms. HAYNES. I am glad to be here.

I have a nine-year-old son. We live on AFDC, and it has not always been that way. We have been on AFDC almost 2 years. Before that I had always worked, I had always supported my son, because his father deserted us when he was 7 days old.

But I was working 2 years ago at VA medical center and at that time I had a car that I thought was in good condition. The transmission went out of it. I could not get it fixed because it cost hundreds of dollars. I did not have that, I could not get it. I could find no one to carpool with, not on any shift.

So I had no choice but to leave my job. It was almost 40 miles away. There was no way I could get to work. And so I did take a leave of absence in order to maintain a good work record and be able to give notice for my job.

There were no jobs in town that I could walk to. Every place was laying off, and we did go on AFDC and we existed until this past winter.

Things got really bad with utilities and rent. We were evicted, and this was on my son's birthday, on February 2.

I have a lot of family, but I am not close to them. They seem to think that my being on AFDC is something that I could help. They just do not think there is any excuse for someone not being able to find a job. They are all lucky enough to have one and they have never been out of one.

But when I was evicted, I did not know who to go to, who to call. I did finally call my ex-husband in Columbus, Ohio, and I told him, for 9 years I raised your son, you have not helped at all; just help us now. We need a place. He did come and get us and he took us to his parents' house.

We were not really wanted there. We stayed there 6 days and on the 6th day, you know, we had to be out. We were put out in the streets.

The first day I was there I picked up the Columbus Dispatch and on the front page there were headlines, Catholic Social Services were opening apartments on Warren Street for the homeless. Well, the first thing I did was get on the phone and call, and I probably called them about 10 times about this, and some of the apartments just were not open yet. That was the problem, they were opening up this week.

Well, on the day we were finally put in the streets, my son and I, the caseworker at Catholic Social Services called me as we were leaving and we did not know where we were going to go. I had already called the Salvation Army and they were filled. They had no beds, not even anything on the floor.

And a caseworker from Catholic Social Services said they had an apartment. They had just put furniture in it, it had opened up. We got it. We did not get cold that night, we did not stay out. And that was for 90 days we could stay there. The rent was $72.60, which was really great. On AFDC we received $216 a month to live on.

And he was a lot of help. He came by the apartment once a week. The city was new to me. I did not know anything about it, plus my son is—he is quite ill. He has a degenerative brain disorder. The cause is not known. We just found this out in January, just before we were evicted. He had been diagnosed for 8 years as having muscular dystrophy and he does not have it, he has never had it.

But my caseworker was a great help with this. He would take me to my son's doctor's office. Once a week, sometimes twice a week, he would check, just anything. You know, if we needed laundry done, he would come and help. He was the one that told me about section 8. I had never heard about section 8.

And so I did apply for section 8 housing, and about 6 weeks ago I got to move into an apartment about eight blocks from where we were, and the rent now is only $32 a month. We are getting along a lot better, but still no work.

You know, I have looked. I thought surely in Columbus I would find something. I have found a few places, nursing homes, which I have always worked as a psychiatric aide, and they have said they would hire me. But they hire only on call-ins. They do not need that much help. And on call in you need a telephone. Well, on AFDC you cannot afford a $75 deposit to even get one.

It is kind of a vicious circle. You get on it and it is hard to get off. There is not hardly enough money to do the things that you need to do to go out and look for work.

Mrs. BOGGS. We thank you so much, Mrs. Haynes. I am sure the members will have some questions for you as well. We really appreciate your coming here.

Ms. HAYNES. I am glad to be here. I hope it helps someone.

Mrs. BOGGS. We are distressed that your son is so ill, or else we would have invited him to accompany you. We know it was a tremendous effort for you to be with us and we thank you very much.

Ms. HAYNES. Thank you.

Mrs. BOGGS. We will now open the hearing to questions. Mr. Miller, do you have some questions for Father Harvey or Mrs. Haynes?

Please excuse me. Mr. Salamon, we would like to hear from you first so that we will have a comprehensive overview of the whole testimony before we ask questions.

Mr. AHMANN. Mrs. Boggs, I have no statement. Father Harvey made my statement. I am just here to help him if he needs some help on some questions. Thank you.

Mrs. BOGGS. Thank you very much.

Mr. Miller?

Mr. AHMANN. Mrs. Boggs, I may have misunderstood you.

Mrs. BOGGS. Excuse me. I am very sorry. Please excuse the confusion.

STATEMENT OF DR. LESTER SALAMON, DIRECTOR, CENTER FOR GOVERNANCE AND MANAGEMENT RESEARCH, URBAN INSTITUTE

Mr. SALAMON. My name is Lester Salamon and I am the director of the Center for Governance and Management at the Urban Institute here in Washington. The Urban Institute is a nonprofit, nonpartisan research organization that does public policy research.

I am delighted to be here, not only because it gives me an opportunity to appear with Reverend Harvey, who is an old friend, but also because it gives me an opportunity to express my appreciation to this committee for focusing attention in the way it is doing on a set of agencies that I think is too often overlooked in public policy discussions.

My testimony today draws on a variety of different sources. One is a major body of work that we are doing at the Urban Institute trying to understand the nonprofit sector a little bit better. This work is supported by a broad coalition of foundations and corporations. As part of this effort, we are taking a special look at children—serving agencies in particular, with support from the Foundation for Child Development.

My testimony also draws on several years of experience in research and Government activity, most recently as Deputy Associate Director of the Office of Management and Budget.

I want to make four major points this morning:

First of all, I want to point out to you how crucial a role the nonprofit sector really plays in our country, a role that I think is too often overlooked, as I indicated before.

Second, I want to point out that, far from displacing nonprofit organizations, as is sometimes alleged, government in this country, and particularly the Federal Government, has been a major factor in stimulating their growth, creating in the process an elaborate and generally fruitful partnership between government and nonprofit organizations.

Third, I want to point out that nonprofit organizations are hurting today, a point that Father Harvey made quite eloquently, and that they are hurting in substantial part because of the recent changes in Government policy at the Federal level.

Fourth, I want to point out and argue that there is an alternative course of action that is available to us, and that would build on this interesting and imaginative partnership between government and the nonprofit sector that we have created in this country over the past many decades.

Let me begin with the nonprofit sector itself to put my comments in context. In a sense what I will be doing today is providing a broad overview to the specific points that Reverend Harvey and Ms. Haynes have given you.

The nonprofit sector is in many respects the invisible part of our Nation's human service delivery system. We all know it is out there, we know it is doing good things, but when it comes right down to it we are not sure how many agencies we are talking about, we are not sure what the level of resources that they have is, we are not really sure in any systematic sense where those resources come from, and we are not sure who this sector serves.

Most of what is needed to make decent decisions about this important set of institutions turns out not to be very well known at all. One reason for this is the diversity of the sector and the conceptual confusion that occurs as a result.

It is therefore useful to start with some definitions, so that we all are talking about the same set of institutions. The organizations that we have focused on in our work and that I will be talking about this morning are really a subset of all of the organizations that qualify for tax exempt status under the 26 different sections of the Internal Revenue Code that provide for tax exemption.

In particular, we are interested in what we have come to call the charitable service organizations, that is, those organizations that provide a service, be it foster care or adoption or referral or advocacy, to people other than the members of the organization, for the benefit, in a sense, of society as a whole.

We are not, therefore, focusing in our work on funding organizations, except indirectly as we can see them through the revenue side of the organizations we are interested in. We are not directly focusing on churches, and we are not focusing on organizations serving——

Chairman MILLER. May I just interrupt for a second?

Mr. SALAMON. Yes.

Chairman MILLER. Are you now speaking of all 103,000 organizations mentioned on page 5 of your testimony?

Mr. SALAMON. Those are the organizations that we are particularly focusing on.

Chairman MILLER. Those are the ones which come under the IRS tax-exempt criteria?

Mr. SALAMON. They come under the IRS Code, but the point I am making is that the IRS Code has 26 different sections for tax exempt organizations, and they include such things as labor unions, professional organizations, trade associations. All of those are beyond the focus of our work, and the table that is presented in the testimony is exclusively concerned with the organizations that are in this category of service organizations.

Chairman MILLER. So, some organizations have been excluded from the 19 classifications?

Mr. SALAMON. That is correct.

Chairman MILLER. OK.

Mr. SALAMON. Based on the data we have been able to put together, as you have indicated, we conclude that there are about 100,000 such nonprofit charitable service organizations in the country, at least as of 1977. They had expenditures in 1980 of about

$116 billion. This makes them about 5 percent of the gross national product. They had employment in 1977 that was five times as great as the employment of the automobile industry.

The point, therefore, is that this is a set of organizations that represents a substantial component of our national life in economic terms, in terms of employment, as well as in terms of service.

These data also make clear that the nonprofit sector cannot be equated with private charity. Private charity to organizations other than churches, that is to the service organizations that are of concern to us, totaled only $25 to $26 billion in 1980. That compares, as indicated before, to total revenues of these organizations of $116 billion. So private charity accounts for between 20 and 25 percent of the revenues of these organizations.

I say this not in any sense to belittle private charity, but only to point out that the fiscal and financial health of the private nonprofit sector has come to depend much more on things in addition to private charity.

To learn more about these organizations, we conducted a fairly substantial survey over the past year in some 16 localities across the country. What we found was that nonprofits are major components of the human service delivery system in almost every part of the country, somewhat more so in the East and the Midwest than in the South and the West. But even in the South and the West, nonprofit organizations are a vital part of the human service delivery system.

Most of the agencies are small, but some are quite large, so that the average expenditures per agency are in the neighborhood of $800,000. Two-thirds of the agencies, interestingly, have been created since 1960, which, not incidentally, corresponds with the period of rapid growth in Government involvement in some of the social welfare areas.

Thirty percent of the agencies that we have surveyed serve chiefly children and youth and therefore are of particular concern to this task force and subcommittee. Children and youth agencies are slightly smaller than all nonprofits. They are also fairly new, most of them having been created since 1960; and at most 30 percent of their income comes from private charity.

Where, then, does the rest of the income for this sector come from? This brings me to the second point that I wanted to make this morning. It turns out that Government has become a very important source of income for the nonprofit sector.

Far from displacing nonprofits, as is sometimes alleged, Government has stimulated their growth. The result is an elaborate and extensive pattern of Government-nonprofit cooperation, of "nonprofit federalism," in a sense.

Our estimates indicate that nonprofits received $40 billion from the Federal Government alone in 1980, that is, 50 percent more than these organizations received from all of charitable giving, including giving by individuals, corporations, and foundations.

This involvement with Government is fairly widespread. Over half of all the nonprofits we surveyed, and similarly over half of all the children's agencies we surveyed, received some Government support. So, Government support is not only sizable in absolute terms; it is fairly broadly spread across the nonprofit sector.

What is more, this is not a new phenomenon. It is not the product of the Great Society. It is not the product of the New Deal. It stretches back deep into American history. If you look at the histories of some of the premier nonprofit institutions—Harvard University, Columbia College, the Metropolitan Museum of Art—you will find there the same pattern of cooperation between Government and nonprofit institutions.

In fact, one of the earliest congressional enactments in the social services field was a grant-in-aid program enacted to provide assistance to the Home for the Aged of the Little Sisters of the Poor in the District of Columbia. This was a grant from the Federal Government to the nonprofit sector. It was enacted in 1874.

Like any partnership, this one too has strains, but most observers judge it to have been a very fruitful and productive partnership.

The third point I want to make is that this partnership is now under very great strain, and it is under strain as a result in particular of the recent budget cuts. If you look in my testimony at table 5 on page 17, you will see some of the evidence of that set of reductions.

We have been interested in two kinds of impacts on nonprofits resulting from the budget changes enacted by the Congress and proposed by the administration. First, their impact on the demand or the need for nonprofit services; and second, their impact more directly on the revenues of nonprofit agencies.

So far as that first impact is concerned, the impact on the demand for nonprofit services, our estimates are that the budget cuts that either have been enacted or are proposed will reduce Federal Government activity in fields where nonprofit organizations are active by $108 billion in constant 1980 dollar terms below 1980 levels during the period 1982 to 1986.

Most of this reduction is in the social welfare field, which accounted for 20 percent of all Federal spending in these program areas as of 1980, but which absorbed about half of the cuts in these program areas over the period 1982 to 1986.

In the fiscal year 1983 budget that Congress enacted, there were increases in spending for several programs targeted for children and youth, particularly Head Start, child welfare services, and foster care. However, overall Federal spending on social services will decline in real terms by 22 percent below 1980 levels under the budget that Congress enacted for fiscal year 1983—I should say, the continuing resolution.

Under the administration's fiscal year 1984 proposals, the value of Federal spending on social services will decline by 36 percent below 1980 levels. While some of the services that were funded may be unnecessary and while churches and families can help pick up the slack, this set of cuts represents a major challenge for nonprofits, especially since in many respects the needs today are more severe than they were in 1980.

It is for this reason that some of the nonprofit organizations, faced with talk of the opportunity that has been opened up to them, respond in a manner suggested by a phrase used by the cartoon hero Pogo, "We are confronted by an insurmountable opportu-

nity." It is that kind of opportunity that many of the nonprofits feel themselves confronting.

This is, in a sense, one-half of the impact of budget cuts and program changes on nonprofits. They change the demand for services. At the same time, however, these changes have also affected the revenues of nonprofits. In other words, nonprofits are on the one hand being called on to increase the level of services they provide and, on the other hand, as Father Harvey noted, losing the revenue they have available to provide even the preexisting level of services.

We estimate that nonprofits will lose $32 billion in revenues between 1982 and 1986 under the measures already enacted or proposed by the administration. Already, changes that will cost nonprofits $8.6 billion have been enacted by the Congress. For social service organizations, Federal aid would be cut in half by fiscal year 1986 compared to fiscal year 1980 levels under these proposals.

As of fiscal year 1983, these organizations have already been exposed to cuts that will cost them as much as 34 percent of the total revenues that they received from the Federal Government. In other words, we have already put in place changes that are cutting rather severely into the revenues that nonprofit organizations receive from Federal sources.

To make up for these cuts and leave nonprofit organizations essentially where they were in 1980, taking account of inflation and the Federal budget cuts, private giving would have to increase over the next 4 years at a rate that is three to four times faster than it has ever risen in recorded history.

These changes that I have been speaking about are evident as well at the local level. We have done a considerable body of work at the local level through a series of interviews and through budget analysis and, although this work is still underway and not quite complete, there are several conclusions that I think I can call to your attention. These are noted in my testimony at page 23.

First of all, well over half of the children-serving organizations that we surveyed reported a decline in public funding over the past year, and another 33 percent reported no change in public funding, which in a time of inflation translates into a real loss of revenue. This means that 90 percent of the organizations experienced a decline in the real value of Government support after adjusting for inflation.

These reductions in Government support were most common among employment and training and social service organizations, more than two-thirds of which reported reductions in public support. While experiencing reductions in public support, these organizations are also witnessing an increase in the demand for their services. Overall, 40 percent of the children-serving organizations responding reported such increases. Among employment and training, legal services and advocacy, mental health, and health services organizations that are serving children and youth, over half reported increases in demand.

States and localities have sought to cope with the realities of reduced Federal resources through a variety of techniques: drawing down unobligated balances, shifting service activities from one title

to another. As a result, they have cushioned and delayed some of the consequences of the Federal cutbacks.

Reflecting this, the overall median income of children-serving agencies did grow between 1981 and 1982, at a rate of about 8 percent overall. However, children-serving agencies are anticipating that their revenue growth will be considerably slowed during the current year, 1983.

Where States and localities have been unable to cushion the impact of Federal cutbacks, they have responded by introducing fee systems, by reducing the quality of care, by shifting resources into short-term emergency needs at the expense of longer-term preventive activities. While cutting back on Federal regulations, block grants have led to increases in State regulation in a number of cases, as States have moved to exercise greater control over private agencies funded out of block grant resources.

Nonprofits have responded to these changes by searching for other sources of revenues, including increasing fees and devoting more time and effort to private fundraising. As of 1982, 70 percent of children-serving nonprofits reported income from dues, fees, and charges, and 40 percent reported getting over a quarter of their revenues from this source. Over the past year, a third of these agencies reported increasing their existing fees or instituting new fees.

In other words, in some senses the nonprofit sector is becoming more like the for-profit sector—forced to turn to fees to get revenues to survive. The big question that obviously arises is, what happens to the clients who cannot pay those fees?

In addition to searching for new sources of income, nonprofits have formed new coalitions to try to fend off the reductions, and they have made a variety of staffing and management changes. Between 55 and 60 percent of the children-serving agencies have had to make such changes.

Despite these efforts, changes have also had to be made in service delivery, including reduction in the number of clients served, reductions in the level of services to each client, and elimination of services. We found that over half, 51 percent, of the children- and youth-serving agencies in our survey reported service changes of this sort, compared to 45 percent of all nonprofits.

Overall, there is a general atmosphere of apprehension and uncertainty among the nonprofits that we have contact with. This atmosphere is taking its toll on staff morale, it is complicating agency management, it is discouraging long-range planning and staff development, and it is putting great strain on agency managers and agency personnel.

This brings me to my fourth point, which is to suggest that there are other ways to proceed. It seems to me that as a Nation we need to rethink the whole question of the way in which we go about delivering services, and I would offer a number of suggestions to guide that rethinking process. In particular, there are three basic principles that I would urge on this committee.

The first is that nonprofit organizations have an inherent value quite apart from whatever service provision or efficiencies they can provide. They are important institutions to our society. They are crucial to the pluralism and the diversity of the society, and we

ought to be concerned about the fate and health of these institutions under any circumstances.

The second point is that, fortuitously, nonprofit organizations do have certain advantages as providers of services. They have greater flexibility. They have existing structures in place that allows Government or any other entity to make use of them for various purposes at less cost.

They are a smaller scale of operation, which allows them to humanize the delivery of services to people in need. And they have a tendency, a greater tendency than some public institutions, to treat the person as opposed to treating particular individual symptoms.

The third principle, though, is that, whatever the value of nonprofits, there is a continuing need for Government. There is a continuing need, in other words, for a partnership between Government and the nonprofit sector. This is so, I think, for at least four reasons:

The first reason is simply financial. We have learned through long history that sole reliance on private resources to cope with the problems of an advanced industrial society does not work, and we have seen from the financial data that I have presented today that the private resources required to keep nonprofits operating at their current levels of activity are stupendous compared to the resources that are actually available.

The second reason for Government involvement is for reasons of equity. Government can get the resources to where the needs are much more effectively than any private institutions that we have been able to devise.

The third reason for Government involvement is diversity. The nonprofit sector is not perfect. It can be overly intrusive, it can be overly moralistic at times, it can be stodgy. Government can shake things up, and has done so in very inventive and innovative ways.

The fourth reason for continued Government involvement grows out of basic democratic principle. One of the basic tenets of democratic theory is the notion that the public, through democratic political processes, can set priorities for itself and muster the resources to pursue those priorities. A system that places sole reliance on private resources to make those priority decisions essentially leaves sole power over crucial public matters in the hands of those with the wealth to put those purposes into effect.

There are four implications for future policy that flow out of these principles:

The first is the need to continue the partnership between Government and the nonprofit sector and strengthen it.

The second is the need on the part of Government to recognize the legitimate needs of nonprofits and structure its own involvement with the sector in ways that protect the basic integrity and character of the nonprofit sector.

The third is the recognition on the part of nonprofit organizations of the legitimate needs and demands of Government, for accountability for the spending of funds and so forth.

Finally, flowing from this set of considerations is the realization that there is a continued role in this partnership, not only for any level of Government but particularly for the Federal Government.

We have a long tradition of cooperation between public and private agencies in this country in caring for the problems of children, youth, and families. This tradition is the product of a pragmatic effort to use all the talents and resources we have to meet human needs. This is no time to dismantle this partnership or throw it away because it does not fit some ideological preconceptions.

Rather, in my view it is the time to take what we have and build on it constructively, so that the public and private sectors can both make their needed contributions to the common welfare and particularly to the welfare of children and families.

Mrs. BOGGS. Thank you very much, Dr. Salamon. And thank you also for the splendid written testimony, with the specificity outlined in charts and figures. I am very happy that your organization has been able to gather some data that Father Harvey's workers have not had the opportunity to be able to pursue because of their complete involvement in the service area.

We now have, I hope, Father, with Dr. Salamon's testimony and yours and Mrs. Haynes, a holistic vision of our problems, and I would like to ask Mr. Miller if he has some questions that he would like to address to the panel.

[Prepared statement of Lester Salamon follows:]

PREPARED STATEMENT OF LESTER M. SALAMON, DIRECTOR, CENTER FOR GOVERNANCE AND MANAGEMENT RESEARCH, THE URBAN INSTITUTE

Madame Chairman and Members of the Select Committee on Children, Youth, and Families, my name is Lester Salamon and I am the Director of the Center for Governance and Management Research at The Urban Institute, a nonpartisan, policy research organization located in Washington that has been engaged for a decade and a half in the analysis of public policy issues and programs.

I appreciate the opportunity to testify before you today on the capacity of private, nonprofit, charitable organizations, especially those serving children and families, to meet the new demands being placed upon them by government budget cuts and changing economic circumstances. Too often, in my opinion, these agencies are overlooked in public policy deliberations. We have mistakenly tended to assume that the growth of government has displaced these agencies and undermined their position. This hearing is a useful reminder that private agencies continue to play a vital role in coping with human needs—including those of children and families—in our country, and that the relationship between government and private agencies is far more complex than is sometimes assumed.

My remarks today will draw on a substantial body of research we have underway at The Urban Institute on the scope and structure of the nonprofit sector, on the sector's relationships with government, and on the implications for nonprofit organizations and those they serve of recent budget cuts and program reforms. This work involves budget analysis at the federal and state and local levels, surveys of nonprofit agencies, and an assortment of other data-gathering efforts being carried out by a team of local associates in sixteen representative local sites across the country, including one large metropolitan area, one medium-sized metropolitan area, one small city, and one rural area in each of the four major Census regions. This work is being supported by a broad cross-section of community foundations, corporations, and national foundations from all sections of the country, testifying to the importance that private-sector leaders attach to these issues. Of special importance to my testimony today is a special analysis of children-serving nonprofit agencies we are conducting with support from the Foundation for Child Development. An outline of our work in this field, and of the locales it covers, is attached to this testimony.

In addition to this current work on the nonprofit sector, my testimony today also draws on more than ten years of teaching, writing, and research on domestic policy issues; on an extensive body of technical-assistance and program-evaluation experience with federal, state, and local government agencies, and, more recently, on my service between 1977 and 1980 as Deputy Associate Director of the U.S. Office of Management and Budget.

Needless to say, however, the views I will express today are my own and do not necessarily reflect the opinions or views of The Urban Institute or any other organization.

To help this Committee understand the impact of recent budget and economic changes on private, nonprofit organizations, and the resulting capability of these agencies to cope with the problems facing children and families, I want to make four major points today:

First, that the nonprofit sector plays a far more important role in the nation's human service delivery system than is commonly acknowledged;

Second, that far from displacing nonprofit organizations, as is sometimes alleged, government in this country, and particularly the Federal Government, has been a major factor in stimulating their growth, creating in the process an elaborate and generally fruitful pattern of government-nonprofit partnership;

Third, that the policy of the past two years, and those proposed for the next few years, threaten, if not to dismantle this government-nonprofit partnership, then at least to curtail it significantly; and

Fourth, that an alternative course of action could be devised that would build on the important strenghts of existing government-nonprofit relationships while eliminating some of the difficulties past cooperation has sometimes entailed.

I.—THE INVISIBLE SECTOR

The starting point for this discussion must be the nonprofit sector itself, for few arenas of national life are more poorly understood. The nonprofit sector functions, in a sense, as the invisible part of the nation's service delivery system, its presence widely acknowledged, but its exact scope and structure only dimly perceived. We have only the vaguest sense of how many nonprofit organizations there are, what they do, what their levels of activity are, where they get their revenues, or how they relate to government.

That this is so is a product, in the first instance, of the great diversity of the sector and the conceptual problems that exist as a result. Nonprofit organizations come in a wide assortment of varieties. Organizations can achieve tax-exempt status under any of nineteen different sections of the Internal Revenue Code, but this only begins to suggest the complexity of a sector that includes huge hospital complexes and ad-hoc neighborhood associations, symphony orchestras and trade associations, mutual insurance agencies and day care centers.

Beyond these conceptual problems, clear understanding of the scope of this sector is also impeded by a gross lack of systematic data. Until 1981, the only comprehensive data on the sector were the yearly Form 990 reports nonprofit organizations are supposed to file with the Internal Revenue Service. However, compliance with this IRS requirement is uneven, the activity code system for grouping agencies is grossly imperfect, the resulting data have serious double-counting problems, and access to the data has long been limited. Publication in 1981 of a 1977 Census survey of nonprofit service providers has improved the situation considerably, though the Census survey itself appears to be incomplete and is at any rate somewhat out of date. To remedy these problems, we launched our own survey of nonprofit agencies in sixteen local areas scattered widely across the nation. Taken together these various sources now make it possible to begin sketching in the basic contours of this sector and to analyze as well the peculiar characteristics of the subset of organizations serving children and youth.

To put this discussion into context, it is important to begin with a clear understanding of the portion of the sector that is of interest and then to muster the available information with some care. For this purpose it is useful to sort nonprofit organizations into four major groups: first, churches; second, funders and funding intermediaries; third, organizations that exist primarily to serve the needs or interests of their members, such as professional associations, mutual insurance groups, and garden clubs; and fourth, organizations that exists primarily to help or to educate others, such as universities, social service agencies, community organizations, and hospitals.

Of these four types of organizations, the one that is most germane to the topic of this hearing is the fourth. Included here are most of the nonprofit organizations classified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

According to the Census of Service Industries, slightly more than 100,000 such nonprofit service-providing organizations existed as of 1977. By far the largest number of these organizations (about 40 percent) provided social or legal services (e.g., foster care, day care, elderly services). The next largest group were those engaged in civic, social, and fraternal activities, followed, in turn, by health care pro-

viders, educational and research organizations, and artistic and cultural institutions. Altogether, the Census reported 4.4 million people employed in these organizations as of 1977, which makes the nonprofit sector five times as large as the automobile industry in terms of employment. (See table 1.)

TABLE 1.—THE CHARITABLE NONPROFIT SECTOR, 1977

Type of organization	Establishments		Employees	
	Number	Percent of total	Number (thousands)	Percent of total
Social/legal services	42,084	40.8	688.9	15.6
Civic, social, fraternal	34,121	33.2	255.9	5.8
Education/research	11,034	10.7	980.1	22.2
Health care	12,307	11.9	2,431.0	55.0
Arts/culture	3,480	3.4	59.8	1.4
Total	103,066	100.0	4,415.7	100.0

Source: U.S. Bureau of the Census, 1977 Census of Service Industries, January 1981.

Based on Census and IRS data that we have assembled and adjusted to eliminate double-counting and other problems, we estimate that this nonprofit service sector had revenues in 1980 of approximately $116 billion, or about 5 percent of the gross domestic product. The health care component by itself accounted for 60 percent of this total while the more numerous social service agencies accounted for only 11 percent. (See Table 2.)

TABLE 2.—REVENUES OF NONPROFIT SERVICE ORGANIZATIONS, 1980

[Dollars in billions]

Type of organization	Revenues	
	Amount	As percent of total
Social services	$13.2	11
Community development, civic	5.4	5
Education/research	25.2	22
Health care	70.0	60
Arts/culture	2.6	2
Total	116.4	100

Source: Lester M. Salamon and Alan J. Abramson, "The Federal Budget and the Nonprofit Sector" (Washington, D.C.: The Urban Institute, 1982), p. 15 and n. 5.

Two major conclusions emerge from these data on the scope of the non-profit sector. The first is that this sector has hardly withered away with the expansion of government. To the contrary, the nonprofit sector is a major presence in the fields where it operates. In fact, the overall level of nonprofit activity in these areas does not diverge very far from the levels of Federal government activity in the same areas. In fiscal year 1980, for example, the Federal government spent $148 billion—exclusive of Social Security benefits—in fields where the nonprofit sector is active, compared to the $116 billion spent by nonprofit organizations.

The second conclusion that emerges from these data is that the nonprofit sector has grown well beyond its original private philanthropic base. Although the data on private giving are far from perfect, even the most generous estimates place the level of private giving for all but sacramental religious purposes at $25.5 billion in 1980. This means that private giving from all sources—corporate, foundation, and individual—accounted for only 22 percent of the total 1980 revenues of the sector.[1]

These conclusions are amply confirmed in the survey we conducted on nonprofit organizations in twelve metropolitan and four rural communities across the country in late 1982 and early 1983. These communities were selected to provide a broad cross-section of the nation in terms of region, size, population composition, philan-

[1] Data on private giving are drawn from Giving U.S.A., 1981 annual report (New York: American Association of Fund-Raising Counsel, Inc., 1981).

thropic activity, and economic conditions. Altogether, we identified in excess of 25,000 nonprofit service organizations in these localities, exclusive of hospitals and higher education institutions. We then surveyed the total universe of these organizations in eleven of the locales and sizable samples in the remaining five, achieving an extraordinary return rate of almost 50 percent. The result is a rich new source of data on the make-up and behavior of this set of organizations, and on the impact on them of recent changes in government policy.

Although our analysis of these data is not yet complete, several points are already clear. In the first place, the private, nonprofit sector is a major component of the human service delivery system in local communities throughout the nation, although it is slightly more prominent in the northeast and midwest than in the west and south. These organizations perform a wide variety of services, ranging from foster care to cultural activity to housing and neighborhood development. The typical agency is, in fact, a miniconglomerate, engaged in a mixture of different activities. The average agency employs six people, utilizes 10 volunteers, has a budget of $160,000 and was created since 1960. Because of the presence of a number of larger agencies, the mean or average employment per agency is 21 full-time personnel and 11 part-time personnel, and the average expenditures per agency were nearly $800,000 in 1982.

Agencies serving predominantly children and youth comprise thirty percent of the organizations in our sample. Generally speaking, compared to all nonprofit agencies, these organizations are more heavily involved in the social services field, are slightly smaller in size, and are more likely to be affiliated with the United Way (though 74 percent are not so affiliated). As with other nonprofits, moreover, the children-serving agencies are of relatively recent vintage, with two-thirds having been formed during the past twenty years. Not incidentally, this was also the period of most extensive growth in government involvement in fields where nonprofits—including children-serving nonprofits—are active, a point to which we will return in a moment. Finally, as with other nonprofits also, the children-serving agencies as a group received no more than 30 percent of their total revenues in 1982 from private charity.

II.—THE NONPROFIT SECTOR AND GOVERNMENT: THE RISE OF "NONPROFIT FEDERALISM"

If nonprofit organizations, including children-serving nonprofits, no longer receive the lion's share of their revenues from private charity, from where does this revenue come? And how is it that the sector has not only held its own but also expanded dramatically during the period of greatest growth in government involvement in fields that were once more exclusively the preserve of private action?

One part of the answer to these questions is that nonprofits have turned increasingly to fees, dues and charges, and become more like businesses. One third of the income of children-serving nonprofits came from fees and charges in 1982, for example.

But another significant part of the answer to these questions lies in the poorly understood relationship between the nonprofit sector and government. Far from displacing or undermining the nonprofit sector, as is sometimes alleged, government in this country has more often emerged as a major benefactor of nonprofit organizations, helping to finance their activities, extend their reach, enlarge their scope of operations, and sometimes even create new types of organizations where none existed before.

As with so many other facets of nonprofit operations, this one too has been obscured by the lack of systematic data. Each year the Office of Management and Budget develops a comprehensive overview of Federal government assistance to state and local governments, and publishes it as part of the Special Analyses accompanying the budget. Unfortunately, no such overview is completed on Federal assistance to the private, nonprofit sector. As a consequence, even the most basic data on nonprofit involvement in Federal programs is unavailable. To guage the extent of such involvement, therefore, it was necessary to develop an entirely new data base utilizing agency estimates and other relevant program data.

We have developed such a data base as part of our work at The Urban Institute. What it shows is that Federal support of the nonprofit sector has been far more extensive than is commonly recognized. In 1980, nonprofit revenues from Federal sources totalled $40 billion, or 50 percent more than is available to these organizations from private giving. In other words, excluding churches, the private, nonprofit, service sector as of 1980 received a larger share of its total revenues from Federal programs that it did from all of private giving combined, including giving by individuals, foundations, and corporations. (See table 3.)

For some types of nonprofit organizations, Federal support is even more important than for others. According to our calculations, nonprofit social service providers received almost 60 percent of their revenues from federal sources, and nonprofit community development and civic organizations over 40 percent. Even health organizations received over a third of their revenues from Federal program sources.

TABLE 3.—NONPROFIT REVENUES FROM FEDERAL SOURCES, 1980

Type of organization	Total revenue	Revenues from Federal programs	Federal programs percent of total
Social service [1]	$13.2	$7.2	55
Community development [2]	5.4	2.3	43
Education/research	25.2	5.5	22
Health care	70.0	24.9	36
Arts/culture	2.6	.4	15
Total	116.4	40.3	35

[1] Includes international assistance.
[2] Includes civic associations and other.

Source: Total revenues based on estimates developed from IRS and census data. Government support is based on estimates developed in Salamon and Abramson, "The Federal Budget and the Nonprofit Sector," (1982), p. 44.

Our survey data make clear, furthermore, that this government support is not limited to just a few organizations. To the contrary, 55 percent of all agencies, and 56 percent of all children-serving agencies, received government support as of 1982, and 37 percent received more than a quarter of their total income from this source. (See table 4.) Governmental reliance on private agencies appears to be somewhat more extensive more extensive in the northeast and midwest than in the south and west, but is fairly common in the latter areas as well.

TABLE 4.—GOVERNMENT SUPPORT OF NONPROFIT AGENCIES

	Percent	
	With any Government support	With Government support totaling 25 percent or more of total revenues
All agencies surveyed (n=3,611)	55	37
Children-serving agencies (n=1090)	56	37

Source: The Urban Institute Nonprofit Organization Survey.

This pattern of government-nonprofit partnership is not, moreover, a new phenomenon in this country. To the contrary, it has roots deep in American history. Some of this nation's premiere nonprofit agencies—such as Harvard University, Columbia University, Massachusetts General Hospital, the Metropolitan Museum of Art—owe their origins and early sustenance to public sector support. Similarly, a study of over 200 private institutions for orphan children and the friendless in New York State in the 1880s revealed that two-thirds of their total income came from public sources. As of 1380, in fact, half of the amounts spent for care of the poor by the City of New York City went to private institutions.

Nor was this pattern limited to state or local government. One of the earliest Congressional enactments in the social servcies field was the establishment of a program of grants-in-aid to the Home for the Aged of the Little Sisters of the Poor, a private, nonprofit organization in Washington, D.C. This program was first authorized by Congress in 1874.

In short, contrary to popular rhetoric, government assistance to the private, voluntary sector is a long-standing and enduring feature of American tradition. As one close student of the subject put it recently:

"Through most of American history government has been an active partner and financier of the Third Sector to a much greater extent than is commonly recognized. . . . Collaboration, not separation or antagonism, between government and the

Third Sector . . . has been the predominant characteristic. Such intimate association has also, on the whole, proven to be highly productive."[2]

This extensive and long-standing American practice of governmental support of nonprofit organizations is not, moreover, an isolated phenomenon. Rather, it is but one manifestation of a broader pattern of government action in this country that I have elsewhere termed "third-party government."[3] The heart of this pattern is the use of nongovernmental, or at least non-federal, actors to carry out federal purposes. The fact is that the Federal Government does very little itself in the domestic sphere. What it does, it does indirectly, through a wide variety of "third parties"—states, cities, counties, banks, corporations, universities, hospitals, and other private, nonprofit institutions. Federal involvement with the nonprofit sector therefore probably has less to do with peculiar characteristics of the sector than with the curious, but innovative, indirect way we have required government in this country to go about its business.

While government support of voluntary associations has deep roots in American history and is part of a larger pattern of government operations, however, this support has expanded extensively in recent decades and taken on a variety of different forms. For the most part, Federal aid to the nonprofit sector is indirect: it reaches nonprofit organizations either through state and local governments, which administer Federal programs; or through payments to, or on behalf of, individual citizens who retain the choice about whether to turn to public, nonprofit, or for-profit organizations. As of 1980, in fact, only about 20 percent of all federal support of nonprofits went directly from Federal agencies to nonprofit organizations, and even some portion of this involved the use of intermediaries such as the National Science Foundation or the National Endowment for the Arts to distribute the funds.

Although only a small portion of all Federal assistance to nonprofit organizations, however, this direct Federal support has served a number of important functions. Most notably, it has permitted the Federal government to pursue a number of Federal purposes, such as the stimulation of scientific research, without having to enlarge the Federal bureaucracy or create permanent governmental agencies. It has thus preserved an important measure of flexibility. This route has also been important in cases where existing institutions, including state and local governments, were unwilling or unable to carry out certain functions, or where the encouragement of greater pluralism was judged to be important. This was the case, for example, with the creation of the Community Action Agencies under the Poverty Program or the stimulation given through direct federal assistance to Community Health Centers and local Councils of Governments.

To the extent that the "New Federalism" of recent years implies extensive reliance on other levels of government to carry out public purposes, therefore, "New Federalism" is really not all that new. Much of the Federal program inventory took this form prior to the block grants of recent years. Where the Federal program structure departed from this pattern and provided direct assistance to nonprofit organizations, it generally did so for specific reasons related to the goals of the program or the desire to protect a degree of flexibility in the poursuit of national purposes.

Whatever the specific form, however, it should be clear that a vast and elaborate pattern of government partnership with nonprofit organizations already exists in this country. Far from displacing nonprofit organizations, the growth of the Federal government has actually stimulated their development, extending their operations, broadening their client base, and creating wholly new types of institutions.

As with any partnership, this one too is not without its strains. Considerable uncertainty persists about the roles and responsibilities of the various parties. Fragmented program structures in some areas at times inhibit coherent approaches to problems. And nonprofit organizations are sometimes exposed to red tape and cumbersome application and review procedures that cause delays and unnecessary costs.

Beyond this, extensive reliance on nonfederal and nongovernmental organizations to carry out Federal programs created accountability problems for government and potential threats to the independence and volunteer character of the nonprofit organizations. Nonprofit leaders express concern, for example, about the possible distortion of agency purposes caused by the availability of public funds for publicly de-

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[2] Waldemar Nielsen, "The Endangered Sector" (New York: Columbia University, 1980), pp. 14, 47.

[3] Lester M. Salamon, "Rethinking Public Management: Third-Party Government and the Changing Forms of Government Action," Public Policy, vol. 29 (summer 1981); and Lester M. Salamon, "The Rise of Third-Party Government," The Washington Post, Op-Ed page, June 29, 1980.

fined purposes, about the potential dilution of the advocacy function long performed by this sector, and about the potential reduction of private charitable contributions that could occur if citizens perceive that private agencies can receive all they need from public sources.

Despite these concerns, however, there is widespread agreement that government support has, on balance, been good for the nonprofit sector. A recent policy statement approved by the Government Relations Committee of Independent Sector, a national umbrella group for nonprofit organizations, summarizes the consensus view within the sector well:

"Existing financial relationships between government and the independent sector generally are beneficial and productive, reflecting the positive characteristics of each sector. Significant benefits have accrued to independent sector organizations through these financial relationships."[4]

This view is confirmed by the respondents to our survey, most of whom felt government should rely on nonprofits more rather than less, even though many of them found dealing with government burdensome and complex.

III.—THE ECONOMIC RECOVERY PROGRAM AND THE NONPROFIT SECTOR

Against this backdrop, what has been the impact on nonprofit organizations of the budget cuts and program reforms that are part of the Economic Recovery Program originally proposed by President Reagan in 1981 and partially enacted by Congress?

To answer this question, we have carefully analyzed the budget changes that have been enacted or proposed, collected budget and program data at the state and local level in sixteen locales, and surveyed nonprofit agencies in these same locales. While this work is still in progress and not yet complete, and while it is still premature to expect to see the full effects of the recently enacted budget and program changes, it is possible to offer at least some preliminary indications of what is going on and what it might mean for the government-nonprofit partnership discussed earlier.

Federal budget cuts and the demand for nonprofit services

By far the most significant feature of the changes in Federal policy enacted over the past two years has been the reduction in the resources allocated for a number of program areas. While the program reforms embodied in the block grant legislation may ultimately prove to have been more important, the impacts that are visible to date are mostly associated with the budgetary adjustments.

From the point of view of nonprofit service providers, these budget changes have two quite distinct implications. In the first place, they affect the need, or demand, for nonprofit services. One of the principal objectives of the reduction in Federal spending, in fact, was to increase reliance on private institutions, including private nonprofit organizations, in meeting community needs. As President Reagan put it in September 1981, "The truth is that we've let government take away many things we once considered were really ours to do voluntarily . . ." The reduction of government spending, according to this view, would permit nonprofit organizations and other voluntary institutions to reassume their historic responsibilities.

The scale of the service challenge thus posed for nonprofit organizations, however, is substantial. According to our estimates, the Federal government spent close to $150 billion in fiscal year 1980 on activities that closely resemble those in which nonprofit organizations engage, or that affect the demand for nonprofit services. This includes spending for social services, community development, health care, education, arts and culture, conservation, international relief, and needs-tested income assistance (excluding social security).

In its action on the budget to date, Congress has reduced the value of spending on these programs, after adjusting for inflation, by $13.6 billion in fiscal year 1982 and $13.5 billion in fiscal year 1983 below these fiscal year 1980 levels, even after taking account of the recent "jobs bill." The President's fiscal year 1984 budget proposals would reduce the value of Federal activity in these areas by an additional $22.3 bil-

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[4] "Accountability with Independence—Toward a Balance in Government/Independent Sector Financial Partnerships," (Oct. 1, 1982).

Similar conclusions about the impact of government funding on the nonprofit sector can be found in: Nelly Hartogs and Joseph Weber, "The Impact of Government Funding on Voluntary Agencies" (New York: The Greater New York Fund/United Way, 1978); and Ralph Kramer, "Voluntary Agencies in the Welfare State" (Berkeley: The University of California Press, 1980). For an opposite view, see: Robert Nisbet, "Community and Power," second edition, (New York: Oxford University Press, 1962).

lion in fiscal year 1984, $26.9 billion in fiscal year 1985, and $31.3 billion in fiscal year 1986, for a total reduction over the five-year period, fiscal years 1982–86, of $107.6 billion below fiscal year 1980 levels. (See table 5.)

TABLE 5.—ENACTED AND PROPOSED CHANGES IN FEDERAL SPENDING IN FIELDS WHERE NONPROFIT ORGANIZATIONS ARE ACTIVE, FISCAL YEARS 1982–1986

[In billions of constant 1980 dollars]

	Fiscal year—					
	1982	1983	1984	1985	1986	Total 1982–86
1980 actual	148.3	148.3	148.3	148.3	148.3	741.4
Enacted [1] or proposed [2]	[1] 134.7	[1] 134.8	[2] 126.0	[2] 121.4	[2] 117.0	633.8
Cuts	[1] 13.6	[1] 13.5	[2] 22.3	[2] 26.9	[2] 31.3	107.6
(Percent change)	(9)	(9)	(15)	(18)	(21)	(15)

[1] Enacted, including 1983 jobs bill.
[2] Proposed, President's fiscal year 1984 budget, including effects of 1983 jobs bills.

These reductions are heavily concentrated, moreover, in the social welfare area, which includes social services, community development, and employment and training. Although the programs in this area represent only 20 percent of all Federal spending in the program areas that we have identified as being of interest to nonprofit organizations, they absorb well over half of the cuts targeted for these progams. (See table 6.) In fiscal year 1982, for example, the value of Federal outlays on these social welfare programs was cut by almost $10 billion. By comparison, the total value of all nonprofit activity in the social welfare and community development field totalled only $18.6 billion. Even if we assume that some portion of this prior activity was expendable and that churches and families can help pick up the slack, the challenge to voluntary agencies is still considerable.

TABLE 6.—ENACTED AND PROPOSED CHANGES IN FEDERAL SPENDING IN FIELDS WHERE NONPROFIT ORGANIZATIONS ARE ACTIVE FISCAL YEAR 1982–86

[Dollar amount in constant 1980 dollars]

Field	Cumulative change from fiscal year 1980 levels, enacted or proposed, fiscal year 1982–86	Percent change, proposed fiscal year 1986 level versus actual fiscal year 1980 level
Social Welfare	−$56.0	−47
Education/Research	−27.9	−37
Health	−18.1	−11
Income Assistance	−2.4	−8
International Aid	−.3	−5
Arts/Culture	−.8	−40
Environment	−2.3	−89
Total	−107.6	−21

While the cuts in these areas were fairly general, Congress softened somewhat the impact on programs and agencies serving children and youth by increasing slightly the amounts allocated to Head Start, child welfare services, and foster care, even after adjusting for inflation. Whether this will make a noticeable difference or be offset by reductions in other social services programs, however, remains to be seen.

Federal budget cuts and the revenues of nonprofit organizations

What makes the challenge that Federal budget cuts have posed for nonprofit organizations so problematic, however, is not simply that they have increased the demands for nonprofit services. The real problem is that they have simultaneously reduced the revenues nonprofits have available to meet even pre-existing demands.

That this is so is a function of the extensive pattern of government-nonprofit partnership discussed earlier. Nonprofit organizations are not simply an alternative to

government. Rather, they are deeply involved in the delivery of publicly funded services and the operation of public programs. The same budget cuts that increase the demands for nonprofit activity therefore decrease the resources that these organizations have available to support this activity.

According to our estimates, the budget changes already enacted by the Congress translate into a reduction in the value of Federal support for nonprofit organizations of almost $4 billion in fiscal year 1982 and $4.7 billion in fiscal year 1983 below fiscal year 1980 levels. The President's recent budget proposals would reduce this an additional $6.7 billion in fiscal year 1984, $7.7 billion in fiscal year 1985, and $8.7 billion in fiscal year 1986, even after taking account of the recent "Jobs Bill." By fiscal year 1986, therefore, the value of Federal support for private, nonprofit organizations would be 22 percent below its fiscal year 1980 level. (See table 7).

TABLE 7.—ENACTED OR PROPOSED CHANGES IN NONPROFIT REVENUES FROM FEDERAL SOURCES, FISCAL YEAR 1982–86

[In billions of constant 1980 dollars]

	Fiscal year—					
	1982	1983	1984	1985	1986	Total 1982–86
Actual fiscal year 1980 Level	40.3	40.3	40.3	40.3	40.3	201.5
Enacted or proposed	36.4	35.6	33.6	32.6	31.6	169.8
Change	−3.9	−4.7	−6.7	−7.7	−8.7	−31.6
Percent change from fiscal year 1980	(−10)	(−12)	(−17)	(−19)	(−22)	(−16)

These reductions too are more heavily concentrated among some types of organizations than others. Slated to be particularly hard hit by these changes are social service organizations, especially those engaged in employment and training activities; community development organizations; and arts organizations, especially those that have participated in the employment and training programs, as a number of community arts organizations have done. (See table 8). In these areas in particular the Federal government's partnership with nonprofit organizations is slated to be cut back extensively.

TABLE 8.—ENACTED OR PROPOSED REDUCTIONS IN NONPROFIT REVENUES FROM FEDERAL SOURCES, FISCAL YEAR 1982–86, BY TYPE OF NONPROFIT ORGANIZATION

[Dollars amounts in billions of constant 1980 dollars]

Type of organization	Cumulative change in Federal support from fiscal year 1980 levels, enacted or proposed, fiscal year 1982–86	Percent change, proposed fiscal year 1986 level versus actual fiscal year 1980 level
Social service	−$13.8	−52
Community development	−3.8	−48
Education/research	−5.1	−27
Health care	−7.3	−9
International relief	− .8	−24
Arts	− .9	−66
Total	−$31.6	−22

To put these figures into some kind of context, we have attempted to assess what kind of increase in private giving would be needed to compensate nonprofit organizations for these reductions in Federal revenues and thus allow them to maintain their fiscal year 1980 levels of activity. This is not to suggest that any such increase in private giving will be forthcoming, or even that it should be forthcoming.

If we take into account the level of private giving as of 1981, the anticipated rate of inflation, and the revenue losses that nonprofit organizations would sustain as a result of the budget changes already enacted or proposed, private giving would have

to grow by at least 22 percent in 1982, 24 percent in 1983, and in excess of 30 percent in 1984, 1985 and 1986 to allow nonprofit organizations to maintain their 1980 levels of activity. This represents a rate of increase in private giving that is two to three times greater than any that has been recorded in recent memory.

Program changes

In addition to the budget changes, nonprofit organizations have been, or will be, affected as well by the program changes embodied in the Economic Recovery Program. Since nonprofits were dealing with states in many of these programs already, the changes attributable to the program reforms per se—as opposed to the budget cuts—may be somewhat limited.

However, in a number of cases, program changes were introduced that either eliminated programs that provided direct Federal assistance to non-profit organizations, or altered the program structure so that the assistance flows through state or local governments. This was the case, for example, with the Neighborhood Self-Help Development program, the Community Mental Health Center program, the Alcoholism Rehabilitation Center program, the Community Act Agencies, and the Community Health Centers program.

In general, the set of programs involving direct Federal assistance to nonprofits were cut the heaviest in the budget proposals incorporated in the Economic Recovery Program. Whatever the merits of these individual decisions, the overall effect is to reduce the degree of choice available locally and channel more of the service dollars through a single local source.

Local impacts

Ultimately, the real test of the recent budget cuts and "New Federalism" initiatives is what they mean at the local level. However, Federal changes must work their way through a complex system before their effects become visible on the local scene. This is particularly true in the present situation because of the substantial "unobligated balances" that states have had available in the Federal program pipeline to cushion the effects of Federal budget cuts during the first year. In addition, considerable differences exist among states and localities, making it difficult to generalize about local responses.

For all of these reasons, it is somewhat premature to attempt a comprehensive assessment of the actual impact of the recent budget cuts and program reforms on nonprofit organizations at the local level. However, our work to date does make it possible to offer some preliminary observations about what is going on, and particularly how recent budget changes are affecting children-serving agencies and how these agencies are responding. These observations are based on our survey of nonprofit agencies in sixteen localities across the country, on the preliminary results of an analysis of state and local budget developments in program areas of interest to nonprofit organizations being conducted by a team of local associates working under our supervision in these same locales; and third, related work under way at The Urban Institute on the effects of the new social service and health block grants. In particular, these sources suggest the following tentative conclusions:

Well over half (57 percent) of the children-service organizations we surveyed reported a decline in public funding over the past year, and another 33 percent reported no change. Taken together, this means that as many as 90 percent of the organizations experienced a decline in the real value of government support after adjusting for inflation.

These reductions in government support were most common among employment and training and social service organizations, more than two-thirds of which reported reductions in public support.

While experiencing reductions in public support, these organizations are also witnessing an increase in the demand for their services. Overall, 40 percent of the children-serving organizations responding reported such increases. Among employment and training, legal services and advocacy, mental health, and health services organizations serving children and youth, over half reported increases in demand.

States and localities have sought to cope with the realities of reduced Federal resources by drawing down unobligated federal program balances, and shifting service activities from one Federal program to another in such a way as to maximize local receipt of Federal funds and thereby avoid the necessity for local cuts (e.g., shifting day care expenses from funding under the Social Services Block Grant to funding through the AFDC program.) Such adjustments have cushioned and delayed the impact of Federal cuts on local service delivery, especially children services. Reflecting this, the median budget of the children-serving agencies we surveyed grew 8 percent between 1981 and 1982, compared to 6 percent for all agencies. However, children-serving agencies project only a 5 percent growth for 1983.

Where states and localities have been unable to cushion the impact of Federal cutbacks, they have responded by introducing fee systems, reducing the quality of care, and/or shifting resources into shorter-term emergency needs at the expense of longer-term prevention activities.

While cutting back on Federal regulations, block grants have led to increases in state regulation in some cases as states have moved to exercise greater oversight and control over private agencies funded out of block grant resources.

Nonprofits have responded to these changes by searching for other sources of funds, including increasing fees and devoting more time and effort to private fundraising. As of 1982, 70 percent of children-serving nonprofits reported income from dues, fees, and charges and 40 percent reported getting over a quarter of their revenues from this source. Over the past year, a third of these agencies increased existing fees or instituted additional ones, compared to 27 percent of all agencies.

In addition to searching for new sources of income, nonprofits have formed new coalitions to try to fend off reductions at the state level, and have made a variety of staffing and management changes. Between 55 and 60 percent of children and youth-serving agencies have had to make such changes, compared to 50–55 percent of all nonprofits.

Despite these efforts, changes have had to be made in service levels, including reduction in the number of clients served, reductions in the level of services to each client, the elimination of services. Altogether, 51 percent of children- and youth-serving nonprofits reported service changes of this sort, compared to 45 percent of all nonprofits.

Some evidence of increased concern about the nonprofit sector is evident locally, but only 27 percent of our responding organizations reported notable increases in private giving or voluntarism in their areas.

A general atmosphere of apprehension and uncertainty prevails among nonprofits in the human services field. This atmosphere is taking its toll on staff morale, complicating agency management, and discouraging effective long-range planning and staff development. It is also putting strain on agency managers and personnel.

IV.—THE THEORETICAL BASIS OF "NONPROFIT FEDERALISM": SOME MAJOR CONSIDERATIONS

Whatever its ultimate impact, the challenge posed to the whole pattern of government-nonprofit cooperation in this country by the budget cuts and program changes that form the heart of the Economic Recovery Program provides an important opportunity to reassess the value of the relationship that has taken shape between government and the nonprofit sector, and to rethink the respective roles that should be played by these two sets of institutions, separately or in concert, in serving community needs.

While there is not time to explore these issues fully here, it might be useful to identify at least some of the major considerations that seem important, and to spell out some of the implications they have for government policy.

Major Considerations

1. Importance of the Nonprofit Sector

Perhaps the most important issue at stake in the current policy debate has to do with the basic role and function of the private, nonprofit sector in American society. Voluntary associations have long been a central part of the American tradition, valued not primarily because of their efficiency but ultimately because of their function as a source of diversity and pluralism, their contribution to the protection of liberty and to the encouragement of a sense of community, and their role in the promotion of private charitable impulses and the translation of their impulses into meaningful forms of action. These features of the voluntary sector have long been considered to be in the national interest to nurture and protect, even if this involves some costs. An appropriate and important test of any set of public policies, therefore, must be the extent to which they respect, and enhance, this sector's ability to survive and perform this role.

2. Advantages of Nonprofits as Service Providers

Ultimately, the vitality of the nonproft sector will depend on its success in retaining a degree of "functional relevance." To the extent that other institutions take over the sector's functions, including its service-provision functions, its capacity to attract support and to flourish will be diminished.

Fortunately for the nonprofit sector, it enjoys a number of advantages that recommend it as a deliverer of services even when the funding for those services comes from other sources, including government. Among these advantages are the following:

A significant degree of flexibility resulting from the relative ease with which agencies can form and disband and the closeness of governing boards to the field of action;

Existing institutional structures in a number of program areas resulting from the fact that voluntary agencies frequently begin work in these areas prior to the development of government programs;

A generally smaller scale of operations, providing greater opportunity for tailoring services to client needs;

A degree of diversity both in the content of services and in the institutional framework within which they are provided;

A greater tendency to avoid fragmented approaches and to concentrate on the full range of needs that families or individuals face, to treat the person or the family instead of the isolated problem; and

Greater access to private charitable resources and volunteer labor, which can enhance the quality of service provided and "leverage" public dollars.

Deeper involvement in communities and therefore greater sensitivity to local needs.

This is not to say that private for-profit organizations have no role in this process as well. To the contrary, their involvement is important if only to ensure a degree of competition that will stimulate careful attention to management, efficiency and costs among all providers.

3. The Need for Government Involvement

To say that the nonprofit sector is important and that it has special advantages as a service provider is not to say that it should replace government. To the contrary, government has an important role to play even when voluntary associations are actively involved. This is so because of four major considerations:

Financial.—While private giving and volunteer activity remain vitally important, it seems unreasonable to expect that these sources can be counted on to generate the levels of support needed to sustain the kinds of services, including human services, that our advanced industrial society has come to require in order to make the most effective use of human resources. This was a lesson taught at considerable cost through the late eighteenth and early nineteenth centuries in most of the advanced industrial societies of the world, including our own, and that remains relevant today.

Equity.—Not only is government in a better position to finance needed services, it is also in a better position to ensure the equitable distribution of those resources among parts of the country and segments of the population. Private charitable resources may or may not be available where the need for them is greatest. In the absence of some mechanism like government, it is extremely difficult to channel the available resources reliably to the areas and populations that need them.

Diversity.—While the nonprofit sector has a number of advantages as a service provider, it also has a number of disadvantages. For example, private voluntary agencies have been known to intrude more than particular clients might like into personal religious or moral preferences, a phenomenon that George Bernard Shaw satirized in his well-known play, "Major Barbara." Similarly, established agencies can sometimes monopolize the flow of private philanthropic dollars, limiting the resources available to newer or smaller groups. Finally, there are occasions where no existing institution is available to perform particular public purposes, and where the creation of such institutions is in the public interest. This is particularly true where local powers-that-be are not fully supportive of the needs of local minorities. For all of these reasons, there is an argument for a government role to ensure a sufficient degree of diversity in the service delivery system.

Public priority setting.—A central tenet of a democratic society is that the public should be able to set priorities through a democratic political process and then muster the resources to make sure those priorities are addressed. Complete reliance on private sector initiative and action robs the public of that opportunity and leaves the setting of priorities in the hands of those with the most control over private resources.

Implications

These considerations suggest a number of implications for the design of the relationship between government and the private sector in the years ahead.

1. Retention and Strengthening of "Nonprofit Federalism"

Perhaps the central conclusion that emerges from the preceding discussion is that the partnership that has been forged in this country between government and the nonprofit sector is worth preserving and strengthening. In all likelihood, had we not invented this mechanism for delivering needed services already, we would be thinking about inventing it now, rather than subjecting it to serious strain.

What "nonprofit federalism" offers is the opportunity to combine the service-delivery advantages of voluntary organizations with the revenue-generating and democratic priority-setting advantages of government. In many cases, moreover, this mechanism makes it possible to match publicly generated funds with privately generated ones to provide a better service than either could provide on its own. This is not to say that all services should be distributed through this mechanism since there are disadvantages as well. But a strong case can be made for promoting this approach as one important element of the nation's service delivery system.

2. Accommodation by Government of the Organizational Needs of the Nonprofit Sector

Involvement in government program activity inevitably creates a tension for nonprofit organizations between their service role and their advocacy and representational role. It also puts strain on other important features of the organizations, such as their reliance on volunteers, their sense of independence, their frequently informal and nonbureaucratic character, and their direction by private citizens along lines that these citizens think appropriate. Since many of these features are the ones that recommend nonprofit organizations as service providers in the first place, it would be ironic if government programs seriously compromised these features. What this suggests is the need for some forbearance on the part of government with respect to some aspects of the relationship between the two sectors, and for structural features that help to strengthen rather than weaken the distinctive elements of the nonprofit sector. Among other things this might include:

Payment schedules on grants and contracts that avoid costly cash-flow problems for nonprofit organizations;

Avoidance of undue interference with the nonservice functions of the organizations;

The use of challenge grants or other funding devices that reward agencies for the use of volunteers or the generation of private-sector funds to supplement public resources; and

Continued encouragement of private giving, which is crucial for the preservation of an element of independence and flexibility for nonprofit agencies.

3. Nonprofit Sector Accommodation to the Legitimate Accountability and Equity Requirements of Government

The use of public funds carries with it certain obligations on the part of nonprofit organizations. These take the form of basic financial accountability requirements and a willingness to be nondiscriminatory in the use of publicly generated resources. They may also involve the broadening of the agency's client base, serious efforts to reduce administrative and other costs, and the sharing of useful new approaches to service delivery or program management with public and private agencies.

4. Retention of a Federal Role

The Federal government has an important role to play in the future operation of government-nonprofit partnerships in this country. This role is not in any way inconsistent with active state and local government involvement in these partnerships, but it goes beyond that involvement in significant respects. The Federal government is important as a balancing force in this system. Given the complexity of our society, it is inevitable that certain perspectives or interests will be weak in particular locales but able to muster enough strength to be represented at the national level. Through Federal involvment, these perspectives can be made a part of the policy process throughout the country. In addition, Federal involvement can insure a degree of diversity locally and avoid the monopolization of service delivery through a narrow set of channels that is unresponsive to important minority concerns. Finally, Federal involvement can help ensure equity in the delivery of resources and the availability of services.

CONCLUSIONS

The partnership that has emerged in this country between government and voluntary organizations is one of the more significant American contributions to the practice of government. This partnership reflects, and in turn protects, the pluralism and diversity of which this country is so justly proud. Recent policy changes are buffeting this partnership in ways that were probably not intended and that are not well understood. It is essential that we understand these policy changes and their implications for public-private partnership to ensure that private organizations can continue to play a vital role in serving community needs. And it is also essential that we lay aside the ideological blinders that have led us to misinterpret the true relationship that has emerged between public and private agencies in America, and work to strengthen and improve this relationship in the future.

Chairman MILLER. Thank you very much.

It appears from the combined testimony of Father Harvey and Mr. Salamon that some of the assumptions made while formulating the Reconciliation Act of 1981 concerning the role of the private sector were either not true then or have not since panned out. These were first, that the Federal Government was on a collision course with private initiatives, more or less crowding them out, and second, that what we really needed to do was to scale back the Federal initiative with respect to social services, because there was a private sector out there that was more than willing and more than able to assume that role.

That apparently is not true, that in fact the relationship between the public and private sectors is complementary and not competitive. Would you conclude that if we could continue this relationship, we could in fact expand and improve the delivery of social services to needy individuals?

Reverend HARVEY. I certainly think so. And I think, too, if you looked at before 1965 how many people were not participatory in the service system, that during that partnership period of about 15 years there was a marvelous redistribution, if you will. The term used by Dr. Salamon is equity. There was a reaching of constituencies that heretofore had not been served.

So my answer would be yes, I think your assumption is basically true.

Mr. SALAMON. You are absolutely right. I would not put it in terms of private sector failure. I would put it in terms of failure to understand the reality that was out there when these decisions were made.

Chairman MILLER. We were given a list of assumptions by the administration and by others at the time the cuts were made. We were told that few, if any individuals were going to be hurt, because within the private sector there existed a great potential to expand into any voids left as the Federal Government withdrew.

From Father Harvey's testimony about the experiences that his agency has undergone and from your testimony about the capacity of the private sector and symbiotic relationship to the public sector, it plans that those assumptions were incorrect.

Mr. SALAMON. I absolutely agree with you. I think there was a failure to understand the extent to which a partnership was already in place. I think this is the fundamental reality and the fundamental problem. The assumption has been that these two sets of organizations exist in separate worlds out there, the Federal Gov-

ernment doing one set of things and private agencies over here doing another.

In reality, we have built a very intricate and inventive and imaginative partnership. Indeed, there are other countries in the world that are looking at what we created over the past 20 years or 30 years as a model to move toward, as we move away from it.

Chairman MILLER. Do you concur with Father Harvey's testimony that in fact the Federal Government, in combination with the private sector, provides leverage? That we have really gotten more from each dollar than we could have possibly gotten in a solo operation by the Federal Government?

Mr. SALAMON. And probably better services in the bargain, that is to say services provided by smaller-scale organizations much closer to the problems, and therefore the quality of service as well was better.

Chairman MILLER. In your table on page 5, you have 4,400,000 employees of these 103,000 organizations. Those are paid individuals?

Mr. SALAMON. That is correct.

Chairman MILLER. That figure does not include the 100,000 volunteers that Father Harvey is talking about?

Mr. SALAMON. That is correct.

Chairman MILLER. We are talking then also of additional leverage, beyond the paid employees, those who provide services through volunteers.

Mr. SALAMON. That is correct. In fact, our testimony I think points out that the average, or median, agency has about 5 to 6 paid employees and about 10 volunteers. Obviously, they are not full-time volunteers. These are people who have various levels of involvement.

Chairman MILLER. What was the Federal contribution?

Mr. SALAMON. $40 billion.

Chairman MILLER. It starts to look like a bargain.

I would like to ask one last question. Mrs. Haynes, as I understand it, you worked steadily for 10 years, supporting your son?

Ms. HAYNES. Yes.

Chairman MILLER. Your former husband refused to pay child support?

Ms. HAYNES. Yes.

Chairman MILLER. During that time and afterward?

Ms. HAYNES. Yes.

Chairman MILLER. For some reason, I assume, support was not enforced by the court in your jurisdiction. It seems to me, in reality, that for the loss of a transmission we now find that the Federal Government has inherited the entire responsibility, along with intermittent help from Catholic Charities, to provide for your well-being?

Ms. HAYNES. Right.

Chairman MILLER. Had we invested $500 in fixing your automobile, you could have continued to drive 40 miles and gone to work and survived in a much better fashion.

Ms. HAYNES. Yes.

Chairman MILLER. I wonder what it costs us to build and maintain the apartments that you are now living in.

Ms. HAYNES. Which apartment are you talking about?

Chairman MILLER. I am suggesting that for apparently 10 years you got by, at whatever level; you were self-sufficient. Your automobile breaks down and somehow the bureaucracy is unable to respond to either get the automobile fixed or get you transportation, and in fact now we find that we have become responsible, until you can find work, for your well-being.

Apparently you are willing to work. You worked for 10 years as a nurse's aide.

Ms. HAYNES. I like working.

Chairman MILLER. So that is not a question. And because we could not spend 500 bucks, we find ourselves in a much more costly situation, one in which you are dependent after being independent.

Ms. HAYNES. Well, at the time the transmission went out, one of the rules at VA medical center in Chillicothe where I worked was that they would not accept car trouble as an excuse for being absent.

Chairman MILLER. That was certainly nice of them.

Ms. HAYNES. I had never gone into debt for anything. We had never been able to save anything, myself and my son. But we did not do without as long as I worked.

But I did go to a loan company to see about getting a loan to have the transmission fixed, and I found out that during the year of 1976, which was the year my divorce was final from my husband, he had went there and borrowed money and told them that he would take it home on his lunch break—I do not know where that lunch break went to—and that his wife would sign the papers.

My signature—someone's signature was on it. It was Janice Haynes. And you know, the bill had not been paid. I could not even borrow money. There was no way. So therefore, ADFC—it is a vicious circle.

Chairman MILLER. It certainly is. I'm afraid that when we struggle with our budgetary problems, although we deal with billions, in the final analysis it is really made up of a lot of cases like yours. With a little bit of flexibility perhaps it could have been taken care of and you and your family would have been in better shape, and we would have spent less money.

Thank you, Madam Chairwoman.

Mrs. BOGGS. Thank you very much.

Mr. Fish.

Mr. FISH. Thank you, Madam Chairwoman.

Father Harvey, this is a new experience for me, to be working with you, and I look forward to it. The last 7 or 8 years your compatriot John McCarthy of the USCC has been a great help in dealing with the refugee questions since the fall of Saigon, and I see that you represent here just another example of the church's leading role in humanitarian matters.

You have outlined for us what we can all see are really exploding problems for a number of people. But a very hopeful note in your testimony is the fact that Catholic Charities has been able to get so many volunteers—I believe 101,000 is the figure—in communities across the country to come to the aid of these families.

I wonder if you could respond to this. How do you think other groups can design programs to take advantage of this volunteer concern that you have been able to tap, a concern that is obviously present across the land?

Reverend HARVEY. Let me comment in two fashions. First of all, I think if you have any kind of trust relationship, the ability to get people to move, to respond in certain ways, is enhanced, and I think Dr. Salamon pointed that out for the whole nonprofit sector.

However, there are countervailing influences. For example, if you study who is giving money to welfare, which is a voluntary activity, we find that the people who make $20,000 or less give over 50 percent of the money. Now, I am sure that does not reflect just a Catholic distribution or a Jewish distribution or a Presbyterian. I think it represents lifestyle, because as people become more successful economically they tend to support those activities that enhance their lifestyle. So there is a competition, very subtly, between those of us who serve those in need and museums, concerts, ballet, and other sources of nonprofit activity.

Therefore, I think we cannot ignore those kinds of statistics, like how do we reach volunteers when the need seems to indicate a 400 percent increase and when we massively go into the community and undermine former coalition activities like the United Way by everybody going for more volunteer dollars without having any national priorities?

That is an area that I think is of extreme concern to us in mobilizing people, because while we have gone through this pressure of new people asking for services and contraction of resources available to us, the present administration has also gone out of its way to lay various kinds of silencing mechanisms on the nonprofit sector, not to speak up and rally people, such as the A-122 Circular of OMB, which tries to limit our speaking on behalf of those in need.

I think volunteers are not just those who pick people out of the ghetto or say, here is a meal. But volunteers are those who say, hey, we should have a better participation, I have access, I am going to share my access power with you. I really think that is an important consideration that all of us in the nonprofit community are begging some relief on.

We have the Internal Revenue, congressional legislation, and standards and codes, that tells us one level of activity on behalf of the poor, and we do that often in a voluntary capacity. We have the OMB debate going on about whether or not we should be allowed to speak and do various activities in community education and the political order. And then you get the Executive order for the combined Federal campaign, which is another attempt to get resources from Federal employees to enhance us, and another set of guidelines.

So we have had to spend a large portion of this winter just trying to see whether or not we are allowed to continue to speak on behalf of the hungry, the poor, and the homeless. That is why I welcome this kind of an exposure today.

Many of the things we do, we suddenly have to explain. We are upset about these things. So your question about volunteers I think cannot just be relegated to how we can mobilize more people to feed more, but how we can look at this whole picture in terms of national need, how we can mobilize and identify what is the role of the public sector, and especially the Federal Government, and then to see where volunteers and paid staff and paid professionals can fit into it.

Otherwise, I think we are just running off creating a little activity over here—it is like a mushroom field. You know, you get a little life here and then something happens there and a little more pops up. There is no nerve center, there is no integration, no coordination.

I really think that that is the role that this task force can have a tremendous role to play in with regard to family, children, and youth.

Mr. FISH. I asked for it and I got it, did I not?

During the course of the last several years, have you had a chance to talk this way to people at OMB who have been concerned with these kinds of problems?

Reverend HARVEY. We have dedicated considerable effort and staff time. Not me personally, but the independent sector has worked very cohesively on behalf of the nonprofit sector in trying to get this whole question removed, and it keeps surfacing over and over again.

It really is an incredible thing to have three different sources of regulations on what community education is, what political activity is, and what advocacy is.

Mr. FISH. Dr. Salamon, I thought your testimony was very persuasive for the public-private sector partnership. But we did have 33 pages of prepared testimony that you summarized for us, and I just would like to, before I get a chance to sit down and go over it carefully myself, to ask you a question.

You made the case that the Federal role is very important. Now, are you suggesting a return to the level of funding of fiscal year 1980, or are you suggesting a new relationship between the Federal Government and the private sector?

Mr. SALAMON. I am not proposing any particular level of funding. We used 1980 because it was a decent standpoint from which to measure changes. Some of those changes make sense, some of them do not make sense. In some areas the need has grown so much greater than it was in 1980 that I think a case can be made for levels of spending higher than 1980. In other areas, the opposite is true.

My point was to try to provide some realized actual standard against which to measure the changes. We picked a year that is in no sense the high point of spending in these programs. In the social services area, for example, it is probably the case that the high point of spending in real dollar terms was some time in the mid-seventies and that there has been a gradual reduction, and a more accelerated reduction more recently, from those levels.

So 1980 was chosen as a point of departure to measure change, and the hope is that people who have concerns about those policy areas can make individual judgments in each of those programs about which cuts make sense.

Mr. FISH. This question is for both you and Father Harvey. We seem to be zeroing in on the period of 1981, 1982, and so far into 1983, and while not really emphasized in your presentation, is it not true that the increase in the need for the agencies such as you represent, Father, and the ones you surveyed, Dr. Salamon, coincided with the recession in the United States? I do not see that as a factor that has been emphasized.

Reverend HARVEY. I tried in my testimony to show that there was a 10-year pattern of fluctuation. The word "new poor" was created 10 years ago, and I was an inner city pastor in Pittsburgh at that time and I can tell you, without having empirical data, it is just the kind of scenario that took place. Men who worked in Jones & Laughlin and for the B&O Railroad were dislocated for the first time after 20, 25 years.

You could watch family lives deteriorating over 6 to 9 months. At first they could paint the basement and be active, and then a sixpack on Saturday night became a sixpack every day because of discouragement.

It was not a true depression in the sense that every family was poor. As Michael Harrington once said, if you are going to be poor it is nice to be poor with the majority. But with the new poor, when you might only be 3 out of 10 families, then you get acting-out behavior. The children are not understanding why their family has less than others, when they live right next door.

So I do not want to make it seem like the problems are unique to this period. However, two things happened that would set this period off, and that was: That the dislocation was greater than the previous ones, so the new poor category was expanded; and second, there really was a policy change and a contraction of human services.

Unlike the statistic that Dr. Salamon gave, our fact gathering through our survey shows 1981 was actually the year of highest public dollar involvement because of commitments that were made in 1978, 1979, and so on. So there is that more intense recession nature of this period that does not pertain to an election year.

But then there is the policy issues that we have been moving from categorical type funding and national priorities to block funding, and so there is a relationship between that contraction during this period that makes 1980 an important year.

Mr. SALAMON. If I can respond. It is true that we did not take account of the economic downturn. If anything, that makes our data an understatement of the need, not an overstatement. We essentially said that the level of activity that occurred in 1980, when there was no recession, was the level against which these changes will be measured.

In truth, the economic downturn increased the levels of need quite substantially beyond what they were in 1980, and therefore our measures of the gap, so to speak, was probably an understatement of the real gap that is being experienced by agencies out there.

Mr. FISH. Thank you, Madam Chairman.

Mrs. BOGGS. Thank you.

I am being reminded by conscientious staff that in order to keep hearings on schedule that we will have to limit the questions and answers to 5 minutes. I hate to say that just before I ask Ms. Mikulski if she has some questions.

Ms. MIKULSKI. Thank you, Congresswoman Boggs.

Father Harvey, I feel like I have finally met the safety net, and the work that you have been doing is really outstanding.

From 1958 to 1961 I worked for Associated Catholic Charities in Baltimore as a young social worker in those days, and now I have

watched the changing profile of what Catholic charities has done, from traditional family and children's services to advocacy, community outreach, shelters and feeding programs. You are to be congratulated.

I just have a few questions. On page 4 you talked about the matching requirement that was eliminated in the 1981 Omnibus Reconciliation Act and the negative impact that that had on nonprofit agencies. I did not quite understand what that meant or how that would work. Father, would you or another experienced person in this field, Matt Ahmann, help us out.

Reverend HARVEY. That is right, that is one of the reasons I wanted Matt to comment. I was thinking more in terms of the relaxation of the requirements, getting rid of advisory bodies, the closed-type planning that resulted, and the lack of criteria, which permitted this mushroom-type growth all over the place.

But as far as the actual interpretation, I would ask Matthew, if you do not mind letting him come back to the witness table.

Mr. AHMANN. The plain fact of the matter is that in a good number of States which formerly were required to provide 25, 20, whatever the Federal match requirement was to drawn down the Federal dollar, the States did not have the resources and it was the nonprofit community which had the incentive to go to the States and say, we will provide the 25 percent. In turn, not directly to each agency giving the money, because the money was then under State control, the States increased their purchase of services with the Federal and the 25 percent match money.

That incentive is gone with the 1981 amendments.

Ms. MIKULSKI. Just to be sure that I understand it, when they would go with their 25 percent, they would take that 25 percent as kind of an in-kind from a nonprofit? If Catholic Charities or Jewish Family and Children service or someone was providing that, they used that to get the Federal bucks, which they then in turn contracted out to do more expanded service, which was your leveraging, is that right?

Mr. SALAMON. Yes, that is correct.

Ms. MIKULSKI. Another policy question. We talk a lot about AFDC, both Father Harvey and of course your very eloquent testimony, Mr. Salamon. From what I can see from your testimony, the restrictive requirements of AFDC really helped keep people in poverty.

One, the fact that they could not get a telephone prevented them from being available for a job. And then the other, this conversation about sundown dads where, in order to qualify for public assistance, the family is better off if the father deserts and then can qualify for AFDC, than if his unemployment runs out and there is nothing there.

Would you feel that a major look at AFDC is called for to see how we keep people in poverty and make sure they never get out? Or is that an exaggeration on my part?

Reverend HARVEY. I would certainly think that is a legitimate area. To pick up on something Lester commented on, it is that the private sector has a tremendous opportunity and a role to play. The public sector also does, and there is an accountability transfer on both sides.

I think, for example, the rule about having to have an address is one that keeps people from applying for four different checks, because they can say, well, I live on Penn Avenue and Maple Street. So the assumption was people would have a residence, and the law probably never even considered the amount of street people we have today. But I think just that one element shows you the amount of things.

How do you get good accountability to make sure that the system is protected, and at the same time you have some kind of a system that encourages people to maintain independence?

Mr. SALAMON. Could I make one comment on your earlier question, just one quick comment? I think that the policy measures of the last 2 to 3 years have moved in exactly the opposite direction from what you indicate is the desired policy outcome.

For many years we were moving in the direction in this country of easing the transition from welfare to work. We had a variety of incentives built into the laws. We allowed people to have more generous losses of welfare benefits as they began to get income.

One of the major changes that was carried forth in the reconciliation bill of 1981 was to much more severely narrow the definition of eligibility in such a way that there now appears a gigantic cliff between welfare provision and work, and we are requiring people to jump over that cliff with their own resources.

It seems to me that if we simply moved back to where we were prior to those changes, we would be making some important progress.

Ms. MIKULSKI. Thank you.

Mr. Salamon, I would like to thank you for the hard data that you have given us on the private nonprofit sector. This then takes me to a question both for you and Father Harvey, and it will be my last question.

In your data, you indicate that a nonprofit has a small professional staff and maximizes the use of volunteers. And also, in Father Harvey's testimony, he talked about either volunteers supplementing professional staff or in certain Catholic organizations total volunteer work—Saint Vincent de Paul, Ladies of Charity.

We hear this in all the speeches about neighbors helping neighbors build barns and all those wonderful things.

My conversation with Meals on Wheels in my district tells me that the number of volunteers are decreasing, and that volunteers are not available in the communities, not because they have lost their spirit of neighborliness or community service, but because people are working. Many of them now are women who now put in one shift in the home and one shift on the job, and really cannot put in a third shift being a girl scout leader or a hot line helper at the rape crisis center.

Has this been your observation, that the numbers of people that were once available to volunteer are not there and that this is a problem, a concern that needs to be factored in when we look at the delivery of service?

Mr. SALAMON. Let me make a couple of points about this. This is a kind of complex area.

The first point is that there are lots of volunteers out there. There still are; it seems to be increasing.

The second point is that nobody thinks that the strategy of reliance on volunteers, at least nobody in the agencies that we have contacted, is a viable alternative to having paid professionals provide services reliably to people in need. Volunteers I guess must be perceived as a supplement, not a substitute for professionals in agencies.

That is partly because of all the factors you cite. They do not have the same kind of time, with the same reliability over the kind of long duration, to provide the continued services to people in need. Therefore, the notion that you can replace paid professionals with volunteers I think is a misplaced faith.

Ms. MIKULSKI. But I am not talking about that. Are there volunteers available to help out? I am not talking about substituting or in lieu of. The fact is that we have traditionally relied upon a large pool of volunteers. Are those volunteers still there?

Reverend HARVEY. I would say yes, but with a lot of reservations. To be a volunteer and to be accepted by a person accepting help demands a trust relationship. In many communities which have been very much ruptured, the ability of volunteers to function is extremely restricted.

In our own agencies they cannot replace professionals. They generally do the physical work around emergency services.

And one last point, to just pick up on your observation about the family life. I was the pastor in a rural parish in Butler County, Pa., which had a 21-percent unemployment rate. I just noticed this year it is down to 16.8. But the typical thing that happened when Pullman Standard closed was, a person that was making $12 or $13 an hour went out and get a $4 an hour job.

That frequently meant a weekend job pumping gas and the woman also working in some reduced earning, which meant three salaries in that family just to make it. It meant unsupervised time for the children. And so the volunteer issue, put in that context, really is not only not freeing up that family to become a volunteer; frequently, that family was the one that was highly supportive of other people in need.

And last, they now are in a situation where their own children have to go to an agency to get help because they are not able to supervise their own. So there are family ramifications all through that, not just in who can be a volunteer and who cannot be.

Mrs. BOGGS. Now that we have the technical assistance of a technological aide, I think that we are going to have to say that the red light is on and ask Mr. Marriott if he would like to ask a question.

Mr. MARRIOTT. Thank you.

Father, I have enjoyed your testimony and I agree with everything you and the other witnesses have said. I congratulate the Catholic Church for the great work it does.

I want to ask you just two questions. I am very familiar with the Catholic Church programs and I am very familiar with the Mormon Church welfare programs, and I am sure you are as well. Are the churches in general doing enough, though, in this area of welfare assistance? Is enough compassionate service being preached from the pulpit, or are we too caught up in concerns about the next world and not so much about compassionate service in this one?

And can we do more in the pulpit in getting people to be more concerned about their friends and neighbors?

I want to just maybe ask a two-part question, and that is, we are talking about the Government and about nonprofit organizations addressing—dealing with the symptoms. We are not going back to the root causes of some of these problems.

Where do friends, families, and neighbors fit into this? Are they doing enough? Is there enough of that type of thing going on in our economy that could alleviate some of the pressures on the private sector and on the public sector and on Government?

Could Janice Haynes' problems have been solved in other ways than Government? Where were her neighbors, where were her friends, where was her family? We obviously find out that the husband is not doing anything and the husband's family is willing to throw her out on the street at the end of 6 days.

What about it? I know this is not a sophisticated question, but it seems to me to be getting down to some of the root problems, and that is, are families, friends, and neighbors in our society doing enough?

Reverend HARVEY. Well, I do not want to be glib or naive in trying to answer that question, because even though you might say it is a simple question, in point of fact it goes to the heart of a whole lot of issues concerning the fabric of our life.

On our coinage we say, "E pluribus unum," "From the many, one." And yet, the richness of the one depends on the strength of the many.

Studies that have been made by people like Peter Berger and Richard Neuhaus, the Lutheran sociologist and pastor, indicate that if we stress the individual and programs that only look to the individual, to the detriment of the primary groups through which that individual obtains meaning, then we undermine the process. And I think you are alluding to that.

Now, he celebrates the voluntary associations, and particularly those that have been historically meaningful for people, namely the family, the neighborhood, religious affiliation and various other voluntary associations, fraternal groups and ethnic groups, racial groups, whatever.

The point that I want to make in that is, when a community such as the Northeast goes through a voluminous upheaval through capital flight, the ability of the extended family to influence is broken by the need for some people to be mobile and some people unable to be because of the lack of job skills.

As the opportunities and the strength of those networks is ruptured, it just happens to coincide with the very time when we need those networks the most. So I think the kind of indicators that Dr. Salamon has shared with us today go to your question: How can we find needs assessment that goes into the fabric of our society, to see where we can create the most liberation for people through independent work, through educational training opportunities, through moving past periods of depression because of structural changes in economic opportunity?

I do not think the way you have asked the question is really that separate from the way everybody else has been commenting or

asking the question. I just think that is the complexity of it. How do we free the individual by enhancing the primary group?

I would hope and pray that the ultimate answer to that is developmental opportunities. But when the economy is not having those, then you do not say, well, this is the ideal situation, but you at least create a wherewithal to give people the capacity to have time to find that opportunity.

Mr. MARRIOTT. Well, I am not sure that totally does what I want it to do, but it was a wonderful try.

Reverend HARVEY. Then I have been successful, maybe.

Mr. MARRIOTT. I wanted to get back even simpler than that.

Mrs. Haynes, do you have a family?

Ms. HAYNES. Yes, I come from a large family.

Mr. MARRIOTT. You have brothers and sisters?

Ms. HAYNES. Seven sisters, two brothers.

Mr. MARRIOTT. And you have some neighbors that are close and friends that are close?

Ms. HAYNES. Well, not now in Columbus, I do not.

Mr. MARRIOTT. I mean before you had to get up and move.

Ms. HAYNES. Yes, I had a few close friends, yes.

Mr. MARRIOTT. I guess that is what I am getting at. In your particular case, you could not get $500 from brothers, sisters, friends, relatives, neighbors, anybody, to help you solve a $500 transmission problem?

Ms. HAYNES. No. I went through everyone.

Mr. MARRIOTT. I think, Father, that is what is wrong with our society.

Reverend HARVEY. But you are also overlooking the fact that poor people who suffer are friends of poor people who suffer, and they really do not have $500 discretionary money.

Mr. MARRIOTT. Let us take Mrs. Haynes' case. Are all your friends and relatives down and out?

Ms. HAYNES. No, they are not hurting for money, none of them are.

Mr. MARRIOTT. None of them would take you in?

Ms. HAYNES. Their answer to me when I needed money for the transmission, their response was, we told you a long time ago you should have moved to Chillicothe. Well, I had a very sick son. I had to consider doctors. He had to have a babysitter who had some experience in nursing and physical therapy. I could not just go to a strange city and find all this and then move him.

He was also in special schooling and he had been since he was 3 years old. Chillicothe did not even have the type schooling that he needed. This was why I did not move, but they still seemed to think I should have and I would not have had that problem.

Mr. MARRIOTT. My time is up and I just want to say, Madam Chairman, that I believe in Government services. I think we have a definite role to play. I believe sincerely in the nonprofit organizations and applaud what they do. But I am convinced that we could solve a lot of our problems if friends, families, and neighbors were more compassionate.

Mrs. BOGGS. Thank you very much, Mr. Marriott.

Mr. Sikorski.

Mr. SIKORSKI. Thank you.

I have two areas of questions. The first is with the OMB proposed regulations. As I understand, the Congressional Quarterly has an article about the new proposals, expected at the end of this month, stating that they are not materially different from the original proposals with regards to your public organization, your legislative communication contact, et cetera.

Have you, any of you, been consulted on the proposed changes in the original proposal?

Reverend HARVEY. Could I ask Mr. Ahmann to comment?

[Pause.]

Reverend HARVEY. We were not consulted before the original nor since.

Mr. SIKORSKI. Dr. Salamon, have you heard?

Mr. SALAMON. No, I have not been consulted about them.

Mr. SIKORSKI. Mrs. Haynes, have you been consulted?

Mrs. HAYNES. Not hardly.

Mr. SIKORSKI. Could you comment, then, perhaps, on the changes that have been proposed, and maybe comment generally on the thrust and impact? I think, Dr. Salamon, your third comment is that policy changes of the past 2 years and those proposed for the next few years threaten, if not to dismantle this Government nonprofit partnership, the nonprofit federalism, then at least curtail it significantly. Does this fit into that area?

Mr. SALAMON. Sadly, it does. It was not what I had in mind when I wrote those words, but it does fit into that. The original proposals, as you probably know, would have put very severe limitations on any organization that received as much as 5 percent of its income from Government sources.

As you can see from some of the data that are presented this morning, this is not a small share of the nonprofit sector. To the contrary, most nonprofits and certainly most in the human services area are involved in this pattern of partnership. Therefore, this set of changes would have a very massive impact on a lot of agencies.

The other point to be made is that most agencies are fairly small. This set of restrictions puts a very onerous administrative burden on agencies, at least as it was originally conceived. It would require separate bookkeeping for any activity that is in any way related to advocacy broadly defined. It would have required separate institutional structures, separate headquarters, separate staffing for an agency that has two, three, maybe even one employee. This would have been a tremendous cost to the agencies.

I think the overall effect is a chilling one throughout the sector, and I think it really does go to a fundamental intrusion in the basic purpose of these organizations.

Mr. SIKORSKI. It goes to constitutional concerns about freedom of expression as well as just if you are buying into this volunteerism and nonprofit idea, families and communities working together either directly or through community groups. You are adding more work.

I think, as Father Harvey commented, you have to spend a whole bunch of time mobilizing the troops, asking them to have a meeting or send a letter that would take time and resources that are better spent taking care of those that are hurting in this country.

Reverend HARVEY. I think there is another constitutional issue, too, and it does not pertain to us, it pertains to you people. That is, we have great respect, but the Congress is supposed to set legislatively the policies of the Nation. In this case, the OMB circular seems to be trying to set where the policy of that participation is when the IRS code, which has congressional backing, has already established a workable guideline, it seems, for the nonprofit sector.

Another example, if I can pick up on Mr. Fish's remark with regard to John McCarthy, there is an example where the National Government's policy was to resettle refugees. We in partnership did the program development. Now, as a national office, if I cannot consult my grassroots around difficulty in resettlement issues and feed that back into the policymaking mechanism because that might exceed my budget and make me lose my nonprofit status or my participation in public moneys, it really gets into very moot issues that go back to a relationship before the partnership, if you will.

So, I think there is a constitutional issue of who is supposed to be making legislation. I think there is that kind of automatic thing, plus even at Mr. Brooks' hearing, the Government Accounting Office showed no substantial need for these kinds of regulations, but the present system seems to be working.

Mr. SIKORSKI. Mrs. Haynes, I just wanted to thank you for your willingness to come and share, to open your life up. I think I will move a question down. I saw the light just come on. The question has been moving down here. With the new block grants, what kind of experiences, and maybe Father Harvey could just comment briefly, what kind of experiences have you had with the new block grants in trying to respond to the needs of the people?

Reverend HARVEY. Because I am not in direct service, I do not want to create the image that I have personally experienced it, because working in a central office as I do, I do not have to feel the pain. At a recent meeting of the top 17 welfare groups in the country, convened by the United Way, the issue came up, and I alluded to it in my testimony, that there seem to be reports coming from local municipalities that local governments, as they do not have the matching leverage to participate in areas of social services, once that competition for money between community services, social services, and other kinds of local need they have—it has created a new competition.

Beyond that, I am a little uncomfortable trying to answer, because we have not done any research into it.

Mr. SIKORSKI. Dr. Salamon?

Mr. SALAMON. I guess the fundamental impact of the block grants has been the budget aspects of them. The change in the program structure has had, I think, little impact at this point. Most of the money that was reaching the nonprofit sector prior to the block grants reached them through the State and local governments. This was the case, for example, with the title XX program and many of the child welfare programs. Therefore, the notion of using States and localities as the funnel agent which was part of the block grant concept was already in place, as all of you doubtless know. There was some consolidation of programs, but the real

impact has been the reduction in funding, and that impact has been significant.

Mr. SIKORSKI. Thank you, Madame Chairman.

Mrs. BOGGS. Thank you.

Mrs. Johnson?

Mrs. JOHNSON. Thank you all very much for your very good testimony. It does raise a number of questions in my mind, and in view of the time limits, I will try to move quite quickly through them. First of all, you imply, Dr. Salamon, that you are opposed to fees, or that you find it in some way a negative that 25 percent of the revenues for many agencies are generated by fees. Did you mean to imply that? Do you think fees are bad? What evidence do you have that they are bad?

Mr. SALAMON. I think it is a question of how much. I do not think they are good or bad. I think at a certain point it raises questions. I do not have the answers to those questions, but at some point the charging of fees for services that were previously provided free of cost——

Mrs. JOHNSON. I agree with you. I have had a lot of experience at the local level, both in the United Way agency network and at the State level, and I just wanted to be sure that you were not implying that there was not any place in the system for fees.

Mr. SALAMON. No.

Mrs. JOHNSON. It is difficult to make sure that they do not deny certain groups of people service, but in my estimation, to try to meet the needs of our society without any reliance on fees would be unrealistic. I wanted to be sure you were not implying that.

Mr. SALAMON. One of the important things that has happened as a result of Government support through the nonprofit sector is to break down walls that used to exist between public and private institutions in terms of the kinds of clients that they served. It used to be that poor clients were more heavily concentrated in public institutions and better-off clients could pay and go to private institutions. One of the important changes that the last 20 years produced was to open up some of those private institutions. The reduction of that support, I think, will move us in the opposite direction.

Mrs. JOHNSON. Do either of you have any comment on the claim that as in the past, to some extent, services at the local level have been restricted by the grants that happen to be available? And did they end up in some instances providing appropriate services simply because the money was there?

Along the same line, I do wonder what your evaluation is as to the extent of the vested interest of the personnel within an agency, that is, their vested interest for their job retention, as some believe would dictate then the pursuit of grant moneys. In other words, how is this whole thing of Federal money availability impacting service choice, and the relationship or nonrelationship between that service choice and local need?

Reverend HARVEY. I am going to ask you to give a specific example in the first category, if I were to try to answer it. But I will say this. There is no doubt that every organization that exists has a tendency towards self-preservation, and I am quite sure that some institutions that serve particular categories of people such as dependent, neglected children, during a time of high parental mortal-

ity, changed in their functioning because of the availability of other service moneys and redesigned their programs sometimes because of that.

So, I do not want to deny that possibility. But I think in terms of the kinds of issues we have been dealing with today, that is really not the issue. For example, an agency that built its reputation for offering services that could charge a fee, counseling for middle class families that are living in stressful situations, there is no reason why a fee cannot be involved there.

When you get into that particular situation, and yet the people who are coming to the door are not looking for marriage counseling, because they are hungry, then you get a credibility problem, and I think for us to merely discuss it in terms of the tail wagging the dog, which I think can be an issue, but unless I knew the specific case, I really could not comment on it. I think agencies went through a certain trauma because the best organized took programs that might have been not in their traditional reservoir of services.

So, for example, an agency that traditionally served children suddenly gave services to the aging, and had to go through a period of adjustment, I find that kind of phenomenon, but I really cannot say that automatically the presence of money would shape——

Mrs. JOHNSON. I find it, Father, a somewhat more pervasive problem than you do: the availability, for instance, of foster care moneys and the lack of availability for parent aid intervention. If a parent aide could be put into the home, foster care placement would be unnecessary. In my mind it is exactly the same as in the military. There are funds available for building new housing, and none available for rehab, so they tear down good housing and rebuild it because that is where they have the money.

Reverend HARVEY. I think that is a good example.

Mrs. JOHNSON. I share your frustration here today, and I appreciate the helpful statistics that you have given us concerning money, but I think I share much more deeply, Father, your concern about priorities, and I would ask you to correspond with me or to talk with me, at some other time, about what good things you see happening. I can tell you two things.

First of all, through my experience at State government, I know that there have been funding cuts for years. We have not been keeping up with inflation for a number of years—neither in the AFDC stipend nor in most program support at either the local, State, or Federal level, long before this administration came into power. So, the issue of politics here is not the fundamental issue. The issue is the role of how money can be vibrantly connected with other energies to meet the problems that we face. This is the heart of the matter, and I think that in a way, in your testimony, you have addressed too much the dollars and not enough the leadership, the initiatives, and how we can better do what we are trying to do.

And I know that at the State level, because there have been these cuts, there has been a new experiment in priority setting. There is an enormous and dramatic involvement from public social service providers and nonprofit social service providers. For the first time they are sitting down and looking at administrative costs

which we on the United Way board could not get them to do for a decade. Things like that are going on at the local and State level. I would be interested in your knowledge of those kinds of initiatives: what you think they have accomplished, what you think they are telling us, and how you think from that information we should be altering the constraints of the money we make available so that money will in fact not lead service development or be directed inappropriately, but will rather stimulate and support needed services.

Mrs. BOGGS. Father, I would have to ask you if you would be willing to provide this for the record. It is a very good question.

Reverend HARVEY. I would be most happy to.

Mrs. BOGGS. I hate to impose upon the time of the others. I would, of course, welcome it now, but we would be very pleased if you could provide it for the record.

Mr. Leland?

Mr. LELAND. Thank you, Madam Chair, and thank you for this excellent panel that you have provided us with. You have been most eloquent, and I am very, very excited about the things that you have said.

Mrs. Haynes, you particularly have personalized this whole matter, and have taken this critical issue from the realm of esoteric considerations to real considerations. Let me just ask you, if you will, and thank you for your courage and your bravery to come before this congressional panel, did you ever think about going to the telephone company and asking them for a waiver for the moneys that you have to put up in order to get a telephone?

Ms. HAYNES. Yes, I thought about it, and I have done it.

Mr. LELAND. You did do it?

Ms. HAYNES. They simply said no. I went through agencies to try to get this, and I told them, since I am in section 8, and the rent is even lower than it was in Catholic social services, you know, I am sure I can pay my bill, or I would not be asking for a phone, you know, especially in order to go to work, but I cannot do that, because they said, no, that is not considered an emergency. I am not qualified.

Mr. LELAND. The reason I ask is because I am on the Telecommunications Subcommittee here in the Congress, and they are asking now for higher rates for a lot of different reasons, and I want to ask them why it was that they would disallow giving you an opportunity to have a telephone so that you might have a job opportunity, and for them to lend you a helping hand. It seems to me that in this whole question of private sector initiatives, that indeed the telephone company ought to be responsive to the President's call, that the private sector ought to do more for the individuals that are hurting because of the cutbacks in the Federal funds.

Ms. HAYNES. When I asked the phone company, they referred me to social service agencies. They said it was not their place. They didn't do anything like that.

Mr. LELAND. I am not surprised.

Father, let me commend you for what you have done and what your organization has done. I am proud today to be a Catholic, I might add, not that I was not proud yesterday, or will not be proud tomorrow.

Reverend HARVEY. We are proud to have you, too.

Mr. LELAND. The more you do, the more you fill my heart. Let me tell you that the reason I ran for Congress, the reason I ran for the State legislature, was to help poor people, and I think it had to do with my Catholic upbringing. I do not know whether it did or not, but I find that serving in Congress is probably the most depressing, most frustrating circumstance of my life.

Since I have been here, almost 5 years now, 3 terms, and you know, people always ask me, well, are you happy, are you excited about what you are doing, and I cannot say yes, because we are cutting back funds for services that benefit the poor and humanity in general. We are, instead, spending more moneys on building more weapons to destroy people. Can you just comment on that, if you will?

Reverend HARVEY. On what specifically?

Mr. LELAND. As we sit here in this Armed Forces Committee room and we talk about more funding for the poor, and whether or not the nonprofits are supplementing or complementing Federal funding, and what is going on in the Federal Government today with poor people. I hear comments that we have got to get rid of the Federal Government involvement in the private lives of people, like Mrs. Haynes, and yet, we are expanding our military budgets astronomically. How do we fathom this?

Reverend HARVEY. I am not trying to be glib, but a facetious answer I frequently give to that is, I would be most encouraged if the same Government that said to us, we want to rely on individual initiatives would ask everybody to get his or her own sword and handgun, dismantle the military, and say, you are now the safety net, the common defense is in your hands.

I feel that the Constitution, in calling for the general welfare, the common good, and the public defense as public responsibilities, you cannot have it both ways. There is a tremendous visionary need for us to put these things in balance.

Congresswoman Schroeder in her preliminary remarks, I think, alluded to that. We build our budgetary commitment to the military because of a potential enemy out there, and in point of fact the more desperation we have on our streets, the more fragmentation of our families, the more dissolution of our neighborhoods, the more we have a real enemy at our doors.

I recently participated in leaders of the Catholic Charities movement from the whole world. Of the 41 nations of Africa, 38 were represented by black people. In their image of America, they could not even understand Catholic Charities, because they feel they are carting an arms race that they do not want. If the West backs the Government that is in power, the East backs the guerrillas in the hills. If the East backs the Government, then the West backs the guerrillas in the hills. So much of their gross national product has to go into that dynamic that they do not feel is their issue.

But the particular thing, and I will end with this comment, in listening to these people—and there are going to be 2 billion more people in the world within 20 years, 80 percent of them are going to be in the Third World—they see the capital flight of their money coming out of what we call development and they call investment, coming back. I think when we talk about military, if we only see

our international relationships through gun barrels, we are not really setting up the kind of dynamics and world image that is going to free us to make decisions that not only benefit our people at home but benefit our whole relationship to future generations of people throughout the world.

Mr. LELAND. Thank you for your facetious answer. Let me say, not facetiously, amen.

Madam Chairperson, I have a question to be responded to by Dr. Salamon. If I can get it in writing, I would appreciate it. The question is just this. There are several proposals in the Ways and Means Committee that are considering sunsetting foundations, and I am particularly concerned about that, particularly in light of what we have heard by this panel, and I would like very much to get a response from Dr. Salamon.

Mrs. BOGGS. That would be very valuable testimony for all of us. Thank you for raising it, Mr. Leland.

Mr. Wolf?

Mr. WOLF. Thank you, Madam Chairman.

I want to thank the panel, Mrs. Haynes, Father, and Dr. Salamon, for your testimonies. I want to make a statement, and then ask a question. I agree with most of the statements that have been made, and Mrs. Johnson's comments as well. Reverend Harvey, I think your statement was very good. Although I do agree with the economic implications of the problems of today as you stressed, I also believe that part of the problem is spiritual.

In answer to the last question that you just gave, Father, I might say that it is more than a potential enemy we face. It is a real enemy. If we lived in a perfect world, we would not need weapons. If we could change 10 or 15 of the leaders of the world, perhaps we would not need weapons, but we live in an imperfect world, and we have to reach a balanced compromise to insure national security.

In regard to the OMB circulars, I was opposed to them, in stating so, I stressed my opposition. But again, I think you simplified a very, very complex issue. It is a fact of life that there are many groups both in the private sector, and in the public sector, whereby corporations use Federal money to come to Congress and lobby for more Government contracts, more money, and to influence policies. I do not, therefore, believe the issue is clearly black and white as it may have been presented. I believe there is a potential problem. The way the regulations were drafted was not completely accurate, and maybe it is not a problem that needs addressing. But, the system is not as perfect as it can be.

My last comment, and then I will ask a question, is, on the question of giving. I thought Mr. Marriott made a very good point about friends and neighbors helping out in difficult times. From my own experiences in southwest Pliladelphia where I grew up in a fairly large family, family members assisted other relatives in need. An uncle or an aunt was there to help out my family and our grandfather lived with us or another aunt or uncle. We found help from within.

Do you think that part of the problem stems from the breakdown in family support systems, changes in values and responsibilities? Why are people less willing to help other people? Taking aside the economic problems which I agree with, and perhaps some of the

budget cuts ought to be reviewed, what do you think about addressing the spiritual dimensions in dealing with the problem?

Reverend HARVEY. There was a Candid Camera incident that took place in the 1950's where a person dressed up like a tree, and 10 people walked by, and out of those 10 people, only one went back and shook the tree when it moved to see why trees walked. The implication seemed to be that trees do not walk. That is a mindset. And therefore if you do not want to discover a new thing, you keep walking.

Some people have described the crisis in religion as that, that when we came out of our ghettos, when the changing times of various generations hit, the trees started to move, people became uncomfortable, and the multiple expectations of what religion is has changed.

For example, if a lot of poor people who are all of the same ethnic background lived within close proximity, suffered together, we know that there is a support system that wherever that takes place in the world, it rallies, but within religious cultures you have rich pluralism today. You have very wealthy people who want very wealthy solutions. You have very poor people living in great desperation, bounded together in a great state of hopelessness. I cannot deny the lack of spiritual values that frequently comes. I think if I used my own religious tradition, I could pull the Gospel out, and it was not an accident that Jesus over and over again said, woe unto you rich. The rich do not seem historically to want to share too much. So, I think in terms of the kinds of questions you ask, where does the spiritual breakdown take place, if I am born into a world that is filled with desperation, filled with violence—I will give you an example.

When I was in Los Angeles, I visited a teenage prison that was built for 500. It has 750 kids in it. We had mass for 350 of them. The front three pews were filled with children less than 10 years of age who had committed adult crimes. Now, why did, in the distribution of rights and privileges, so many children of Hispanic background living in certain neighborhoods end up in that situation, and many other people born out of other wombs in other neighborhoods not end up there?

I think the fragmentation of economic opportunity, family cohesiveness, the dislocation of capital that creates either opportunity or nonopportunity, the kinds of disruptive welfare systems that break people apart, the disillusionment that is passed on from generation to generation in desperation, I think all of those are indicators that indeed there is a spiritual need there.

Pope John Paul II, the leader of my church, when he went to Brazil, said, evangelization, the cutting edge of evangelization, which means proclaiming hope and good news, is taking care of those most in need, so I have to agree with you. Yes; there is a breakdown, but if we just jump on the individual need for people to rally, it ignores the 32 million children that are living in second and third families.

I am willing to deal with that in the pulpit, but I came to a congressional task force that is really interested in finding out what kind of policies can the Nation have that come from that public

sector, and surely that policy cannot be for me to go home and be more effective in my preaching. [Applause.]

Mr. WOLF. My time is gone. Let me say that I agree with your statement, and I appreciate it. I believe, however, there is a real danger that this committee and this Congress could generate an overly simplistic answer to the problem based on testimonies implying that if we cancel this weapon system or that one, or if we allocate more funds that our problems are going to be solved.

I agree with what you said on the economic side, and I am pleased to hear that you recognize the spiritual side. You are saying, it seems, that economics is half of it, a large portion of it. The point I am trying to make is that we also have the other, and what we have to do is treat both of them together with equal importance to solve the problem effectively and permanently. Is this basically what you are saying?

Reverend HARVEY. The red light is on, Madame Chairman. May I respond?

Mrs. BOGGS. You may certainly respond.

Reverand HARVEY. For example, I do not separate economic policies from moral decisions. You know, I think that is a subtle distinction that we make, because people get benefited every time we make a decision, and I really have to take issue with those who said that my testimony was basically on financial matters. It was not. I said that food, dinners went from 450,000 to 900,000. I did not talk about the cost of those dinners. The implication was that twice as many people are now not able to eat at home and are coming to church basements.

So, you know, I support what you are saying in the sense that we need bodily integrity and spiritual integrity, but somehow on a policy level there has to be an exciting movement of the Government to create hope, and I think the church can translate that for people. I think it can keep making sacramental presences of small groups who show how to do it, but I do not think we can take responsibility for the public welfare. That is the message that I really want to leave with you today.

Mr. WOLF. I agree, and thank you. I did not hear your testimony, as I came in after you had finished. I read it, and it seems to me Dr. Salamon's testimony dealt heavily in economics in reference to budget cuts. I consider the panel as an entity and I appreciate your clarifying comments. Again, I appreciate your testimony and thank Mrs. Haynes and Dr. Salamon for their time today.

Mrs. BOGGS. Thank you, Mr. Wolf.

Mr. Levin?

Mr. LEVIN. Thank you very much.

The testimony has been so excellent that anything else is an anticlimax. I do not mean the next panel, but anything from us. I think you have struck out this morning at those who set up false dichotomies and then knock them down. And you have provided an emotional and also factual underpinning for the notion that the Government and the private sector, individuals, and groups are not enemies, but are partners.

I wish everybody could have heard your testimony, including the last responses. Let me just then say one other thing to you, Dr. Salamon. I think it would be helpful if you could take the material on

pages 19 and 24 and elaborate further. I am referring specifically to the statement on 24 where you talk about financial resources, and I do not hesitate to talk about them, because I do not juxtapose them against strong family units and individual action. So, with clear conscience, I want you to say a word about financial resources.

You come out there with a statement that in the survey you did of children serving agencies, budgets grew 8 percent between 1981 and 1982 compared to 6 percent for all agencies, and then prospective drop in 1983, and earlier, on page 19, as I referred to, you indicated the rather dramatic reduction in the value of Federal support for nonprofit agencies. It seems to me that if you could put these figures together and include a discussion of overriding need, it would be helpful, because I think otherwise someone can take your statements on page 24 and urge that there really have not been cuts. I think we have heard this endlessly, that there is a safety net, that there has been a reduction in the rate of increase, that there has not been real hurt, and I think that the anecdotal evidence is overpowering, but it seems to me that in addition to that, we have to be illuminating about the overall statistical data framework, and anything you could supply to the committee in that regard would be helpful.

Mr. SALAMON. Would you like me to take a crack at answering that now? I guess two points need to be made. First, what is reported here are averages. They are large aggregates of a much more complicated body of data which we will be able to pull apart and report on more completely. The second point is that it is difficult to turn this large machine in any particular direction very quickly. That is, Government and the nonprofit sector. There are lots of ways in which resources lie in the pipeline, and therefore the figures that we are projecting or that we are finding last year reflect the fact that there has been money in the pipeline that has been committed in prior years and is being spent out through contracts that nonprofit agencies signed in 1980 and 1981, and therefore we do not anticipate and did not anticipate that the impact would show up in the budgets of these agencies for the year 1982.

We do anticipate and they are anticipating that they will show up in the budgets for 1983.

Mr. LEVIN. You see, the argument can be that there is now a change in the economic picture, and so there will be a correlation. I could just hear that argument coming, and maybe it is valid, though I think the evidence is overwhelming that it is not, but it would be helpful, I think, for you to give us any further data.

Reverend HARVEY. I would just like to mention that the research report that I had mentioned by Dr. Harvey Brenner of Johns Hopkins University used six of the most quantifiable measures like suicide, death through renal or cirrhosis or cardiovascular, entry into state prisons and mental hospitals, not the child abuse, divorce, or any of those more ambiguous areas, and he studied over 35 years the relationship to employment in those six characteristics. Maybe the staff should have that available, and that would just augment the written testimony that Dr. Salamon can give you.

Mr. LEVIN. Thank you very much for an excellent, excellent morning of testimony. It is now close to noon.

Mrs. BOGGS. Thank you very much, and we thank all of you on the panel. I have one or two questions that I would like to submit to you in writing, so that I will not impose further upon your time or that of the other panelists who are here to be with us today. We are most grateful to you for being with us, and we are especially appreciative, Ms. Haynes, of the efforts you made to come. I hope that you will be able to give us informally in writing, if you will, some suggestions about how we could be helpful to persons who find themselves in the conditions that you found yourself in.

Ms. HAYNES. I will try.

Mrs. BOGGS. Thank you very, very much. Thank you, Father. Thank you, Dr. Salamon.

[The following responses were received for inclusion in the record:]

RESPONSES OF LESTER M. SALAMON TO QUESTIONS BY CONGRESSWOMAN BOGGS AND CONGRESSMAN DAN MARRIOTT

CONGRESSWOMAN LINDY BOGGS

Question 1. On page 23 you say 57 percent of children-serving agencies report a decline in public funding. How does this compare with all nonprofit agencies?

Answer. The same percentage report a decline.

Question 2. You also say—on page 23—that 40–50 percent of children-serving agencies report an increase in demand for services. How does this compare with all nonprofits?

Answer. The percentage for all nonprofits is 44 percent.

Question 3. On page 24 of your testimony, you say that children-serving agencies have been able to better cushion recent budget cut impact as reflected by their 8 percent median budget growth as against 6 percent growth for all nonprofit agencies. However, you go on to say children-serving agencies project only 5 percent growth in median budget for 1983. As you note—on page 19—given the fact Congress has, if anything, tended to increase rather than decrease funding for Head Start, child welfare services and foster care, what do you think accounts for the lower projected budgets by children-serving agencies?

Answer. One major factor is that many agencies indicated that they had not yet experienced the full effects of the already enacted budget cuts.

Question 4. On page 25 you say that one-third of children-serving agencies report instituting or raising client fees compared with 27 percent of all agencies. You also say that 51 percent of children-serving agencies report reductions in services compared with 45 percent of all nonprofits. Are these differences statistically significant?

Answer. They are both statistically significant at the .01 level.

Question 5. Given the total picture: somewhat better federal funding for children's programs, somewhat better cushioning of those programs by some localities in the past year, but on the other hand, increases in demand for services, reports of cutbacks in public funding and reports of fee-raising and service cutbacks—can you assess whether or not children-serving agencies have been disproportionately affected directly or indirectly, by federal cutbacks in social program funding?

Answer. The overall message contained in the data we have developed suggests that there is little difference in the relative burden borne by children-serving agencies.

CONGRESSMAN DAN MARRIOTT

Question 1. On page 45 of the transcript of your testimony you speak of the cost advantage of using nonprofits—"They have existing structures in place that allow government or any other entity to make use of them for various purposes at least cost." Can you provide the Committee with comparative cost figures for government run, private nonprofit, and for-profit day care centers and health care centers?

Answer. We do not have these comparative data.

Question 2. The size of the nonprofit agencies you testified about varies greatly. For instance, a certain number of them have budgets of less than $50,000 a year, a certain number have budgets between $50,000 and $99,000, and so forth. Will you provide the Committee a breakdown of the agencies by budget size?

Answer. See below.

Question 3. Will you tell us what percentage of each group's funding is from federal sources? For instance, the agencies with budgets of less than $50,000 receive, on the average, —% of their funds from federal sources.

Answer. See below.

Question 4. What percentage of the total federal contribution does each group receive? For instance, the groups with budgets less than $50,000 receive —% of the total federal contribution and the group with budgets between $100,000 and $200,000 receives —%.

Answer. The answers to questions 2, 3, and 4 are summarized in the enclosed table, though we can only give information on all government funding as opposed to federal funding alone. As this table shows, 37 percent of all children-serving nonprofits had expenditures of less than $100,000. These agencies received 21.4 percent of their revenue from government and absorbed 2.6 percent of all government revenue going to children-serving agencies. At the opposite extreme, 13 percent of the agencies had expenditures in excess of $1 million. These large agencies received 44.8 percent of their revenue from government and accounted for 68.4 percent of the total government support flowing to children-serving agencies in our sample.

DISTRIBUTION OF GOVERNMENT REVENUES BY SIZE OF CHILDREN–SERVING NONPROFIT AGENCIES

Agency size	Percent of agencies	Government support as percent of total agency expenditures	Share as percent of total Government support going to agencies of each size class
$100,000	37	21.4	2.6
$100,000 to $1,000,000	50	38.7	29.0
Over $1,000,000	13	44.8	68.4
Total	100		100.0

Source: The Urban Institute Nonprofit Organization Survey, 1983.

Mrs. BOGGS. We will now hear from our second panel. Would Ms. Verona Middleton-Jeter, associate director of the Henry Street Settlement of the Urban Family Center, New York City, and Dr. Alvera Stern, the director of prevention and education services, Youth Services Center, from Ames, Iowa, please come to the table?

We are very happy to have both of you with us, and we appreciate your coming from such long distances to be helpful to us and to the entire Congress. We look forward to your testimony. Ms. Middleton-Jeter is a social worker and associate director of the Urban Family Center, a nonprofit private social service agency in New York City. She has been with the agency for 11 years. The Urban Family Center runs the Henry Street Shelter, and she has also served on the Governor's Task Force on the Homeless, which has held hearings in seven locations in New York State. So, we look forward to your testimony.

STATEMENT OF VERONA MIDDLETON-JETER, ASSOCIATE DIRECTOR, HENRY STREET SETTLEMENT, URBAN FAMILY CENTER, NEW YORK CITY

Ms. MIDDLETON-JETER. I am Verona Middleton-Jeter, the associate director of the Henry Street Settlement, Urban Family Center in New York City, and a member of the Governor's Emergency Task Force on the Homeless for New York State.

For people with written testimony, there was an error in the collation. Page 5 should be Page 4, and vice versa.

In 1971, the New York City Housing Authority, the Human Resources Administration, and the Henry Street Settlement came to-

gether to develop a temporary alternative program for homeless welfare families because the use of hotels had increased the amount of family crises. The Urban Family Center opened in August of 1972 as a 24-hour facility with a live-in social work staff.

The center consists of 90 apartments located in a 6-floor walkup tenement building with a maximum length of stay of 6 months.

During the first 5 years, the population that we served consisted mainly of black and Puerto Rican single parent female-headed families. Since 1977, we have noticed a change in the homeless population that we are serving. Some of the changes are an increase in the following: two-parent families, white families, fire victims, victims of domestic violence, more families with children in foster care placement and more requests for shelter.

About 2 months ago, we opened a renovated building with 60 apartments, and in 1 week we were able to fill that building with homeless families and still had additional requests for placement. We have had more families that have previously been doubling up and living in overcrowded apartments. We have more people returning to our shelter because the permanent homes that they had are being condemned. We have more single-parent families with marginal employment. These families are new to welfare. And we also have an increase in the length of stay in our shelter, because families are finding it more difficult to find apartments.

We too often think of the homeless population as being single adults. Homeless families are less visible because families go to great lengths to keep children from living in the streets. This is partly related to feeling responsible for protecting and caring for children and also the fear of having children taken away. Families are doubling up in apartments that are too small for the composition. For example, nine people are sometimes living in a two-bedroom apartment.

Mrs. S is a mother of four children. She became homeless because the landlord wanted the apartment for a relative. Ms. S was unable to find an apartment in the allotted time. The more she looked and was rejected, the more anxious and depressed she became. Some of the children became truant, and others acted out. She became concerned about the homelessness and about what was happening to her children. She then became ill, with painful gastric problems. Ms. S's mother took her and her children in where she was living in a two-bedroom apartment, with her husband and two teenage boys. The combined family size was a total of nine.

This family is not counted among the homeless because they are hidden. In the meantime, we now have two families in crisis, because the effects of the overcrowding are taking toll on both families. This situation has gone on for 9 months. The mother is very ill, and both mother and daughter are extremely depressed. The children's school functioning has also deteriorated.

Doubling up impacts on some families in a very serious way, and this practice is on the increase. Recently, the New York City Housing Authority estimated that about 17,000 families were doubled up in their buildings. They estimated having a waiting list of over 164,000 families. Given the fact that the Housing Authority has a policy against doubling up, we can assume that the percentage in private housing is even higher.

Ms. R is a 25-year-old mother of two children. She was employed as a cashier in a department store. She was proud of the fact that she had worked since high school, and was able to support her family. She is new to welfare, and finds it most stressful having to deal with the Department of Social Services. She lived in a West Side tenement apartment where the rent continued to spiral so much that she could not afford her apartment. She was later evicted for nonpayment of rent.

After the eviction, with no place to go, she ended up applying for EAF, emergency assistance to families. She was placed in a midtown hotel where she was afraid for her children. She escorted them to and from school. This made it difficult to work, look for an apartment, and protect her children from the drug addicts and other questionable people in and around the hotel. Her attendance on the job was so bad that she was fired.

This is but one example of thousands of similar situations where the entire family's functioning is affected because of their homelessness, and because the crisis in the family increased. This is also an example of how homeless families are treated by municipalities. Families are put in inadequate facilities that keep them off the streets but basically destroy the family's structure, homogeneity, and self-image.

A mother of three children living at our shelter for 3 months continued to be perturbed, anxious, hostile, and depressed. She said to me with tears running down her cheeks and her 6-year-old son trying to comfort her, "You don't know what it is to be without a home, with not even a shack to call your own. Losing your home must be as bad as losing your mind, and not having a home is driving me out of my mind."

For most families, the crises related to homelessness can only be resolved by securing a decent permanent home. More and more families are being separated due to homelessness. After looking for an apartment for months, while living in condemned, abandoned buildings, many parents are opting for foster care placement to insure a decent place for children.

At Henry Street Settlement, we feel that some of the causes for the increase in homeless families are unemployment, the high cost of energy, the lack of affordable low-income housing, gentrification of working class and low-income communities, racial and sexual discrimination, social security benefits terminated for children at an earlier age, and increased violence in the family.

As the trends in homeless families using our shelter changed, we have tried to address these changes in several ways. A vocational consultant was hired. A shelter for battered women was established. More emphasis was placed on utilizing housing resources, and our supportive services focused more on helping families to deal with the emotional impact of homelessness.

Families are still staying in our shelter longer because they are having a difficult time finding housing, and often the families are moving into buildings that are below standards. These families will be homeless again very soon.

My experience at the shelter has been with homeless families in a large urban area. However, as a member of the Governor's Task Force on the Homeless, I have heard testimonies about the home-

less population in several different areas of New York State. These areas include New York City, Albany, Syracuse, Binghamton, Westchester, Buffalo, and Hauppauge, Long Island. Everywhere we went, the testimonies overwhelmingly identified an increase in homelessness.

The homeless outside of New York City seemed to fit into four categories, those displaced by economic hardships, transitions from health facilities, disasters, and dependent elderly. Unemployment, the high cost of energy, and the economy were the reasons most often mentioned for the increase in homelessness. Families were unable to pay their mortgages and taxes which led to the loss of homes through mortgage and tax foreclosures.

As layoffs continue, people exhaust their benefits and savings, and overcrowding takes place in illegal two-family dwellings. The elderly are affected when they use up their savings to help support unemployed children, and the elderly are also affected when children are no longer able to help subsidize their parents.

Some adolescents 16 to 18 years old are homeless because the economic pressures are too great. Family ties are severed, and they are unprepared for making it on their own. These youths are adding to the increasing runaway youth population.

For example, in Buffalo, we had a lot of testimonies about the steel mills closing, and its impact on families that had been economically secure for years. Some teenagers are really unable to deal with the situation and are running away from home, which is increasing the family crises.

I will end with some recommendations. That includes the need for housing policies to change so that moneys will be allocated for more affordable low-income housing. Otherwise, the situation will continue to deteriorate. There is a need for jobs and job training programs for the unemployed, and VHA and HUD should be more liberal in the use of mortgage foreclosure avoidance rules.

The last recommendation is for the establishment of more temporary shelters with services and also more programs for domestic violence victims.

Mrs. BOGGS. Thank you very much.

[Prepared statement of Verona Middleton-Jeter follows:]

PREPARED STATEMENT OF VERONA MIDDLETON-JETER, ASSOCIATE DIRECTOR OF THE HENRY STREET SETTLEMENT URBAN FAMILY CENTER IN NEW YORK CITY

I am Verona Middleton-Jeter, Associate Director of the Henry Street Settlement Urban Family Center in New York City and a member of the Governor's Emergency Task Force on the Homeless. I will share with you some of my experience running a shelter for Homeless families for the past eleven years and a little about the homeless problem statewide.

In 1971 the New York City Housing Authority, the Human Resources Administration and the Henry Street Settlement came together to develop a temporary alternative program for homeless welfare families because the use of hotels had increased the amount of family crises. The Urban Family Center opened in August, 1972 as a 24-hour facility with a "live-in" social work staff. The center consists of 90 apartments located in a six floor walk-up tenement building with a maximum length of stay of six months.

During the first five years the population that we served consisted mainly of Black and Puerto Rican ADC mothers with young children. Since 1977 we have noticed a change in the homeless population that we are serving. Some of the changes are an increase in the following: (1) two-parent families; (2) white families; (3) fire victims; (4) victims of domestic violence; (5) more families with children in foster

care placements; (6) more requests for shelter; (7) more families that have previously been doubling-up and living in overcrowded apartments; (8) more people returning to our shelter; (9) more single parent families with marginal employment skills; and (10) and an increase in the length of stay in this shelter.

We too often think of the homeless population as being single adults. Homeless families are less visible because families go to great lengths to keep children from living in the streets. This is partly related to feeling responsible for protecting and caring for children and also the fear of having children taken away. Families are "doubling up" in apartments that are to small for the composition, i.e. 9 people living in a two bedroom apartment.

Ms. S is a mother of four children, she became homeless because the landlord wanted the apartment for a relative. Ms. S was unable to find an apartment in the allotted time. The more she looked and was rejected the more anxious and depressed she became. Some of the children became truant and others acted out. She became concerned about the homelessness and about what was happening to her children. She became ill with painful gastric problems. Ms. S's mother took Ms. S and her children into her two bedroom apartment where she was living with a husband and two teenage sons. The combined family size is now a total of nine. This family is not counted among the homeless because they are hidden. In the meantime we now have two families in crisis because the effects of the overcrowding are taking its toll on both families. This situation has gone on for nine months, the mother is very ill and both mother and daughter are extremely depressed. The children's school functioning has deteriorated.

Doubling up impacts on some families in a very serious way and this practice is on the increase. Recently N.Y.C. Housing Authority estimated that about 17,000 families were doubled up in their buildings. They estimated having a waiting list of over 164,000 families. Given the fact that the Housing Authority has a policy against "doubling up" we can assume that the percentage in private housing is even higher.

Ms. R is a 25 year old mother of two children, she is employed as a cashier in a department store. Ms. R was proud of the fact that she had worked since high school and was able to support herself and the family. She is new to welfare and finds it most stressful having to deal with DSS. She lived in a Westside tenement apartment where the rent continued to spiral so much so that she could not afford her apartment. She "robbed Peter to pay Paul" and managed for about a year. She was later evicted for non-payment of rent. After the eviction, with no place to go, she ended up applying for EAF. She was placed in a midtown hotel where she was afraid for her children. She escorted them to and from school. This made it difficult to work, look for an apartment and protect her children from the drug addicts and other questionable people in and around the hotel. Her attendance on the job was so bad that she was fired.

This is but one example of thousands of similar situations where the entire family's functioning is affected because of their homelessness. This is also an example of how homeless families are hidden by municipalities. They are put in inadequate facilities that keep them off the streets but basically destroy the family's structure, homogeneity and self-images.

My experience at the shelter has been with homeless families in a large urban area, however as a member of the Governor's Task Force on the Homeless I have heard testimonies on the homeless in several different areas of the state. These areas include New York City, Albany, Syracuse, Binghamton, Westchester, Buffalo and Happauge, Long Island. Everywhere we went the testimonies overwhelmingly identified an increase in homelessness.

The homeless outside of New York City seem to fit into four categories: those displaced by economic hardships, transition from health facilities, disasters and dependent elderly.

Unemployment, the high cost of energy and the economy were the reasons most often mentioned for the increase in homelessness. Unable to pay their mortgages and taxes led to the loss of homes through mortgage and tax foreclosures. As layoffs continue people exhaust their benefits and savings and overcrowding takes place in illegal two family dwellings.

The elderly are affected when they use up their savings to help support unemployed children. They are also affected when the children are unable to continue to subsidize their parents because of unemployment.

Some adolescents, 16–18 years old, are homeless because the economic pressures are too great. Family ties are severed and they are unprepared for making it on their own. These youths are adding to the increasing "run-away" youth population.

A mother of three children living at our shelter for three months continued to be perturbed, anxious, hostile and depressed. She said to me with tears running down her cheeks and her six year old son trying to comfort her, "You don't know what it is to be without a home and not even a shack to call your own. Losing your home must be as bad as losing your mind and not having a home is driving me out of my mind."

More and more families are being separated due to homelessness. After looking for an apartment for months while living in condemned, abandoned buildings many parents are opting for foster care placements to insure a decent place for the children. At Henry Street Settlement we feel that some of the causes for the increase in homeless families are unemployment, the high cost of energy, the lack of affordable low-income housing, gentrification of working class and low-income communities, racial and sexual discrimination, social security benefits terminated for children at an earlier age and increased violence in the family.

As the trends in homeless families using our shelter changed, we have tried to address these changes in several ways. A vocational consultant was hired, a shelter for battered women was established, more emphasis was placed on utilizing housing resources and our supportive services focused more on helping families to deal with the emotional impact of homelessness. Families are still staying longer because they are having a difficult time finding housing and often the families are moving into buildings that are below standards and therefore will be homeless again very soon.

I will end with some recommendations:

(1) Housing policies must be changed so that monies will be allocated to build affordable, low income housing, otherwise the situation will continue to deteriorate, costing the taxpayers more money in the long run.

(2) Jobs and job training programs must be made available for the unemployed.

(3) VHA and HUD should be more liberal in the use of mortgage foreclosure avoidance rules.

(4) Establishing more temporary shelters with services to address the mental health problems of families experiencing the trauma of being destitute and homeless.

(5) More programs for victims of domestic violence.

Mrs. BOGGS. We will hear now from Dr. Alvera Stern, and then we will question both of you at the same time. We are very pleased, Dr. Stern, that you are with us. Dr. Stern is the director of prevention and education services at Youth Services Center in Ames, Iowa. And she has been with the center for 5 years. We are very happy to have someone come to testify before us who comes from the heartland of middle America. We are very pleased to have you with us.

STATEMENT OF ALVERA STERN, DIRECTOR, PREVENTION AND EDUCATION SERVICES, YOUTH SERVICES CENTER, AMES, IOWA

Ms. STERN. Thank you.

My name is Alvera Stern, and I am speaking today on behalf of Youth and Shelter Services in Ames, Iowa. I am also a representative for the Iowa Governor's Youth Council, and I serve currently as their chairperson.

Let me begin by expressing my appreciation for this opportunity to talk to you people, especially concerning my own feelings about families in America, including families in crisis especially in rural America. My testimony is based on 19 years of direct grassroots experience with young people and their families, the last 5 years being in Iowa.

I work at a community-based Youth Services Center which serves the rural counties of central Iowa. Youth and Shelter Services is a broad-ranged youth and family service agency which seeks to provide a comprehensive continuum of services to families in that area. Our programs include prevention and education, crisis

intervention, assessment and evaluation, treatment to those families in need, residential services, and after care.

We serve as a microcosm of what Dr. Salamon was talking about recently. Our budget is around $800,000. Last year we served 356 families in crisis. We reached about 13,000 families in prevention and education services. We have about 800 volunteer hours in our agency per month. Our major programs are as follows: first of all, we have a shelter house that provides shelter—care to kids who have run away, who have been placed there by probation, whose parents have brought them there, or who have come as self-referrals.

We have outclient services for those people. We have a youth recovery house that serves young people who are recovering alcoholics, and teenage drug abusers. We have foster care, currently about 60 kids in foster care every year. We have about 27 licensed foster care homes. We have delinquency and alcohol and drug education programs. We have our newest program, a youth employment program, that is combining a youth-run business venture with youth employment and living skills training to young people.

None of these programs would have been initiated without Federal funding, not one of them. None of them would be able to be continued today without local support.

What I am saying today is that in an agency such as our own, Youth and Shelter Services, with a fine track record of using Federal funds to initiate and maintain services, we have been able to pick up these programs with a diversified mix of State, local, and private funding. But these Federal funds have been crucial, especially for the initiation of these programs.

The areas in which we currently see the involvement of Federal funds as being most essential for these rural programs are in these areas: youth employment, services to runaway and homeless youth, our specialized foster care services, delinquency prevention programs, and most importantly, Federal involvement for nonsystem-involved kids and their families or those families who cannot afford in any way to pay for services.

We serve families in crisis with a broad spectrum of problems. I have included statistics for the last 11 years on the back page of my testimony. In the past 5 years the trends that we have seen have been reflected in the intake statistics of our center.

When young people first come to our center, before they talk to counselors or anybody else, they fill out a questionnaire which says to them: What do you think your major problems are?

First, our statistics have shown increasing problems in our service area with alcohol- and drug-related problems, with sexual exploitation of kids, including incest and prostitution for both boys and girls, an increase in runaway and homeless youth, and increases in depression, suicide, and other stress-related items.

Second, we have noticed that the number of problems the kids check off have increased from 1.9 problems 10 years ago to 5.3 problems they are checking off today. Those are averages. So we are getting families with increasingly multifaceted types of problems as they come to our centers.

I am not going to talk about the usual rhetoric for the causes of an increasing incidence of families in crisis over the past 10 or 11

years as I have seen it, except to add to the list that you have heard of lack of change of family support systems, incidence of divorce, more single parents, time stress, increasing mobility, et cetera.

One factor that has really caught our rural communities unprepared, is this: our rural communities in Iowa especially have always prided themselves on their independence and their self-sufficiency. We have always thought ourselves immune to economic recessions that attack the rest of the country. And the past 3 years have been particularly difficult for our rural families that have faced economic collapse on the farm and in their local agriculturally run businesses.

For rural youth, the ones that I work with every day, unemployment has reached record proportions, especially this summer, as our youth that we work with are faced with a triple whammy of problems they never expected. First of all, the cutoff of CETA youth funds, that affects particularly our high-risk young people. Second, lack of jobs due to technological change on the family farm in which there are not many farmers willing to donate their $100,000 John Deere tractors and other high-cost equipment to a 15-year-old high-risk youth. And third, the removal of areas of labor-intensive crops.

To those of you not raised on farms, in Iowa, beanwalking and detassling are major jobs for young people in the summer. Beanwalking is when you go through the rows and you pick out by hand the weeds; and detasseling when you remove the male stamens from the corn so you can have seed corn for the next year's seed production.

Because of the PIK [payment in kind] programs or the price support systems this summer, the seed corn production in acreage has gone down, and our kids do not have as much work as they used to.

In past years we have kept our CETA jobs for high-risk kids, the drug addict, the alcoholic who is recovering, the juvenile delinquent. Low-income kids who were not high risk could generally be farmed out—excuse the pun—to other private sector employment opportunities. This summer we have not had that chance, and many of our high-risk young people do not have jobs.

We have done the traditional thing everyone recommends. We have our private sector youth employment task force with the owners of the McDonald's and the Pioneer Seed Corn Co. and the local 3M. What they have said to me personally is, "Alvera, we have helped you out for many years. This year we are trying to retain our own executives. We cannot even provide you the slots that we normally have for you."

Our problems in rural Iowa reflect many of the problems of family-based services in nonmetropolitan America. First of all, isolation. The isolation of the rural family means that they do not have access to many of the traditional support systems that help to keep the families healthy in other parts of our State. We do not have the recreational facilities, do not have access to school and church community ventures, as many other places do.

Second, mobility. The new mobility of our families who have spent three or four generations on the farm means that our families are separated from the extended family who once gave friend-

ship and security and safety valves to young mothers to board children and rebellious youth. It is not so easy to run away to Aunt Sally for some comfort when she lives in Connecticut.

Third, rural communities are troubled by a lack of services of all kinds, from crisis intervention to family counseling. It is not uncommon in our area for several counties to share a probation officer, and 24-hour crisis lines are usually handled by police and fire. That is it. Very few options for the family in crisis are presently available in our counties.

The services that are available are generally tainted with the stigma of bureaucratic labeling. Most people are very reluctant to use them except as a last resort.

Fourth, the service centers that do operate such as our own are troubled by the high cost of unit per service due to the large distances that our professionals have to travel to get to our families, and, of course, the time taken for that travel.

We recommend in-home services, for in-home services, as you know, are ideal for families in crisis, but in rural communities the cost is just astronomical.

Fifth, rural communities suffer from a lack of education and information for parenting and for services. Much of the rhetoric at the Federal and State level is geared for large metropolitan areas.

I think, Mrs. Johnson, you were referring to this in some of your questions.

Both State and Federal guidelines, regulations and redtape gobbledygook, are written for bureaucrats who are trained to interpret it. Without a strong commitment from you people to rural America, funds naturally gravitate to centers staffed with professionals who know the vocabulary and have the political savvy to get the funds.

Rural communities are very rarely blessed with individuals who can mobilize a vocal constituency and form active coalitions to start and maintain family services. I will give you a funny example that happened last week. Our State had some money available for small groups to encourage youth volunteerism. In my position as chair of the Iowa Youth Services Council I worked with several small communities to write grants to get those funds into rural communities.

The staff person at the Iowa office of program and planning called me and said, Alvera, we have a problem. You know, our RFP, we got five replies. Three were written by you. She said they came from three different parts of the State that need these services.

That is what I am talking about. Rural people need these services. They are overcome by the bureaucratic gobbledygook and redtape and cannot get those services. They have to find people who are willing to help them write those grants to get that money.

No. 6, rural communities often do not have access to services in either the public or private sectors for the noncourt involved youth use. Young people and families in crisis have to wait until there is police involvement before they are able to get help. That help for rural persons might include institutionalization in a place 200 miles away with no attempt at family involvement in the counseling process.

I would like you to consider three major needs that I see germane in looking at this problem for you to address. First of all, there needs to be at the Federal level the articulation of a national policy based on a comprehensive, holistic, consistent, long-term programing for families, including families in crisis.

My observations of rhetoric—at the national level on issues of children, youth, and families is something like this: like so many other issues, we use kids as a political football, and our funding depends on the current most popular political strategies and the latest buzzwords.

Our rural communities and agencies that serve these families live from year to year never knowing what funds will be available from what sources and when. I am not negating at all the importance of local funding. We could not survive without it. But I am stating that most agencies, including our own, have used Federal funding as foundations in building their own local programs, using them to attract local match.

Let me give you an example. This year in March I attended a city council meeting in a very small town in Iowa. I was there to ask for revenue-sharing funds, to ask for funds for a brandnew youth services center that would serve families in crisis in a large rural area.

There were several other requests to this little city that night. No. 1, the bug-sprayer people needed a new bug sprayer—mosquito control. The chip-spreader people were asking for a chip spreader. We were there asking for a youth services center.

At the end of the meeting the score was something like this: bugs got $7,000; chips got $6,000; and kids got zero. The city council's justification was that it was unwise to spend any more money on family services because the Federal revenue-sharing funds were so uncertain from year to year that the local government should not put anything into something that was so uncertain.

Second, I think that Federal legislation needs to be written specifically to encourage numerous small nonbureaucratic approaches to family services that would attract the innovative, creative, and effective family support systems in rural areas.

These programs should insist on joint government and private partnerships in which large existing service delivery systems can encourage support and/or join local community-based services to rural areas. In my experience, the generic grassroots center with a vested interest community board of directors provides the best service to these families.

Third, I believe that any future legislation on family services needs to include in specific percentages or dollar amounts a percentage set aside for training. Much of the feeling of isolation, the lack of networking and coalitions, the lack of services for rural families and youth, is a result of inappropriate allocation of funds and lack of appropriate strategies for those rural areas.

There are worthy, significant projects that do provide low cost, effective family services to rural communities. These projects know how to get and how to maintain the funds for their programs. Their knowledge and expertise needs to be shared with other places in America that do not have services. I am talking about

training that is nuts and bolts, how to do, hands-on type of training.

In conclusion, I believe most strongly that the time for blaming and shaming is past. We have seen a little bit of that here today already. Our families in crisis reflect the ills of society, and isolating one particular factor—for instance, the parents, the extended family, the church, the school system, the community, local government or the Federal Government—as being responsible for these ills is to irresponsibly and grossly oversimplify the case.

My experience in the past is that positive institutional change is best promoted by those who use all the resources at hand.

Thank you.

Mrs. BOGGS. Thank you very much, Dr. Stern.

We are very pleased with all of your testimony. It was particularly good to have a voice from rural America; we hope that it will be heard loudly and clearly.

Mr. Miller.

Chairman MILLER. Thank you, Madam Chairman.

Mrs. BOGGS. Mr. Miller, if you will excuse me, we are going to have to stick to the 5-minute rule or we will not complete this panel in time.

Chairman MILLER. I will be very quick. I would like to inquire of both of the witnesses if they see any indication that the crises they deal with are abating in terms of caseload or number. Ms. Jeter, what do you see in the case of homeless individuals? Dr. Stern, what do you see in the more broad spectrum of problems brought to you? Is there a reduction in the number of young people you are seeing?

Ms. STERN. No. Our shelter houses have increased their beds consistently over the years, and the beds have increasingly been filled. And that increase was not for economic reasons. It was because there was a waiting list, and we needed to. They have steadily increased over the years.

Chairman MILLER. Have you seen any change between last year and this year, or has this just been a steady progression over the last 5 or 6 years?

Ms. STERN. I think in a small agency like ours you cannot draw too many conclusions, but last year in the summer our shelter house, for instance, had between four and five young people staying in it during the summer. When I left 3 days ago, it was full with 11 and people waiting, and the probation office saying you have to do something.

We have increased our foster care homes as emergency shelter care because of this problem. We have TV spots all over now asking for six immediate emergency foster homes. I do not know what this reflects. Right now we have a terrible problem, this week.

Chairman MILLER. Is it your impression that that will be going on for a considerable time into the future?

Ms. STERN. I would say that these things are generally cyclic. One of the things I am talking about, youth employment. I do not know how many of you have teenagers—but if you have got three healthy teenagers living in your house with no job all summer, you have problems; and I think that may be one of the factors.

Chairman MILLER. Ms. Jeter, in terms of the doubling of the number of homeless people, do you see any change in the caseload over the period covering the last year and a half?

Ms. MIDDLETON-JETER. The homeless population is definitely on an increase. For 11 years, during the summer there were less requests for shelter. This summer we have noticed an increase. The weather is better, and we are still getting a tremendous amount of calls for temporary homes. So really it is on the increase.

Chairman MILLER. Thank you.

Mrs. BOGGS. Mr. Fish.

Mr. FISH. Thank you, Madam Chairman.

Well, this has been a very good panel because it is two terribly diverse parts of the country that have been heard from.

Ms. Middleton-Jeter, on this question of homelessness growing from one of encompassing families as well as single people, I would think that there would be buildings in all of our cities that could be made habitable and could be used. Are there any programs in New York City or in other cities that you are familiar with that you would recommend to this committee as models for cities that share the problems that you have?

Ms. MIDDLETON-JETER. There are several programs. The program that Henry Street has has been one that has been identified as a model, and basically that program is where we use apartments. Instead of putting families in hotels or in isolated areas where the children cannot continue to go to school and carry out daily functions, they would be housed in a temporary shelter in an area that is residential, so then children can continue to go to school, and there would be supportive services for the families to continue to try to find permanent housing. So that is one of the models that Henry Street has.

Mr. FISH. Publicly owned apartment houses?

Ms. MIDDLETON-JETER. No. The building that Henry Street is using is—it was worked out in conjunction with the Housing Authority. We lease the building from the Housing Authority. But there are other buildings set up on a similar model in New York City that are not publicly owned buildings.

Mr. FISH. Is the problem with hotels the location, that they are not in the residential areas near schools; they are more in the tourist areas or midtown sections? Is that why hotels have been proven unsatisfactory?

Ms. MIDDLETON-JETER. That is one of the reasons for hotels, because in New York City they are in the midtown area, and there are no schools nearby. And the kind of people—the kind of hotels that—most of our families are not in the better hotels—but the kind of prostitution, drug addicts that use that facility. That is one thing.

The other thing is that they are so far away from school, and parents are not able to then go out and feel that the children are safe. And the other thing is there are no cooking facilities, so that is another burden on the family, so that they are really not able to continue to function as a family.

The fact that they are in these hotels, they have to have a restaurant allowance. They have to go out to eat every meal, that

kind of thing. So it really begins to destroy the little structure that the family still has left.

Mr. FISH. Thank you.

Mrs. BOGGS. Thank you very much.

Mr. Sikorski.

Mr. SIKORSKI. Mrs. Jeter, as I understand, you were on the Governor's Task Force on the Homeless. During that time did you see increased homeless not only, I think you have testified, in the city of New York but throughout the State, and do you have any comments on those families and those situations?

Ms. MIDDLETON-JETER. Separate from New York City?

Mr. SIKORSKI. Yes.

Ms. MIDDLETON-JETER. Well, we found on the outskirts pretty much a lot of the homeless are those people who used to have jobs. It seems to be related to unemployment. And I know particularly I went to the Buffalo hearing. They really talked about, I think, a lot of steel mills closed up in that area and where people were losing their homes. We were not even talking about landlords taking people out of apartments. People had homes for years, but they could no longer continue to pay the mortgages.

So that is why I suggest that maybe FHA and the VA [Veterans Association], may be able to look at the foreclosure avoidance clauses, because in those areas people were really losing homes that they had paid money into for years, but due to the fact that they were no longer employed, they could not continue to pay the mortgages.

Mr. SIKORSKI. We will be gathering additional comments and data on the sheltering for victims of spousal abuse, domestic violence. But, you made reference, I think, in your statement to that need. Do you have any additional comments on that?

Ms. MIDDLETON-JETER. The only comment is that in N.Y.C. the limited services and shelters available for victims of domestic violence is helping to increase the homeless population. These families identify themselves as homeless.

Mr. SIKORSKI. Right.

Mrs. BOGGS. As is so often the case, the time is up.

Mrs. Johnson.

Mrs. JOHNSON. Thank you very much.

I want to thank both of you for coming today, and I appreciate and congratulate you on your very real contribution to the communities that you live in and the settings in your States where you have been very important and productive. It has really been a pleasure to listen to both of you describe how you tackle very difficult problems.

I wonder, Dr. Stern, if you could provide us with written information about the innovative rural programs that you have talked about? I would also be very interested in your thoughts on how we can alter regulations or reduce regulations, and how we can write programs so that they are less bureaucratic so that we help small agencies—not just in the rural areas; but also in all the small towns of New England where you get this disparity. And the same thing is actually true in our educational system for very similar reasons.

We really do need the help of people like yourselves to learn how we can more simply make funds available so that they are truly accessible to all kinds of communities. We also need to address the problems, in whatever form, wherever they are located, in our Nation.

I would just ask you both, as service providers and therefore very conscious of the difficulties that people face in our Nation right now, what you would recommend? Where would you recommend that we look in terms of addressing causes so that we do not end up dealing with people who are homeless and alcoholic. How should we address these problems? Where would you like to see more focus in prevention? Do you have any thoughts on how to better integrate services?

Ms. STERN. You are asking me a dangerous question, where I would like to see more work. Of course, it is in the whole field of parenting education types of programs, done through an institution that affects every child's life in America, and that is the school system.

I have been in prevention for years, and what I am finding out is that the most effective programs are ones that we do in the schools where we target across the board. For instance, every sixth grader in our town goes through a program on decisionmaking and problem solving, and every parent of those kids has a chance to go through a training session for parents on early adolescent development and what we call red flags—what are the danger signals.

We started this after I found myself passing out literature to parents on symptoms of kids taking drugs. The first symptom was dilation of the pupils of the kids' eyes. I do not want to wait until the pupils of someone's eyes are dilated before I think there is a problem. So I am talking about massive comprehensive types of prevention programs that can be done and are being done in some school systems, done by private sector agencies working hand in hand with school people.

Mrs. JOHNSON. Do you have any concrete evidence of the efficacy of that approach?

Ms. STERN. We are evaluating that now in several ways using impact evalution types of results. We do have baseline data from 10 years ago that we can use. The results are not out yet.

Mrs. JOHNSON. When they are prepared, I would be interested in reviewing them.

Ms. STERN. Henry Clay once said, "Statistics are no substitute for judgment," and it is my feeling that they are having significant impact on the families that we serve. We are getting the families not in crisis but in early intervention. They are phoning and saying I heard what you said the other night. I am having that problem. I am coming in.

Mrs. JOHNSON. How did you get parents involved in the decisionmaking curriculum?

Ms. STERN. What we do is work most effectively in four ways: work with the school board to get their approval, work with the superintendents and the teachers, and work with the kids. If we work with those three groups, then between the three of them they can get the parents there to hear the message. We are doing this largely through the parent organizations.

Mrs. JOHNSON. Thank you.

Mrs. BOGGS. We will be very interested in having the results of your studies for the committee record, if you would, as well as for Mrs. Johnson.

Mr. Levin.

Mr. LEVIN. There are so many questions that could be asked that are based on this excellent testimony, but let me just, if I might, ask one in view of time considerations.

Dr. Stern, on page 6 of your testimony you said:

> Secondly, I believe that federal legislation needs to be written specifically to encourage numerous small nonbureaucratic approaches to family services that would attract innovative, creative and effective support systems for the family in crisis in rural areas.

Perhaps you could give us, based on your intense experience in rural areas, some glimpse of what Federal programs have worked in terms of family services and what have not. There is an implication here, I think, that sometimes there have been authorizations for programs that are not small but may be too large, that are too bureaucratic.

Maybe that is not what you imply, but give us if you would the benefit of your experience, what has been working and what has not in terms of Federal support.

Ms. STERN. In my experience working in central Iowa, there are large systems at work that work with our families: the court system, the Department of Social Services in our area. They provide good services. However, in the minds of the community, they are mammoth tentacles coming out into the area to get you, so to speak. And what has been effective has been the small programs, maybe even funded by the court system or by the Department of Services, or subgrantees of those, getting their money from those services who are able to be generic, much more flexible, much more responsive to the community, generally with their own boards of directors of community leaders.

I see those programs as being very, very supported by the taxpayer, the local taxpayer, who sees an immediate response when he has a question. He can call up a member of the board of directors, the member of the board of directors can get to me, I can do something about the problem, because we do not have a lot of redtape in our agency; whereas a taxpayer who has problems with the Department of Social Services has to go all the way up to the top and gives up and does not find an immediate response. That is what I am talking about. Five hundred dollars for a transmission, right? The redtape to get $500 for a transmission through the Department of DSS just boggles my mind. A small agency I think is much more able to respond quickly for funds for something like that.

Mr. LEVIN. Thank you.

Mr. MARRIOTT [presiding]. Mr. Coats, do you have a question for these witnesses?

Mr. COATS. Well, I appreciate your testimony. I am sorry I was not able to hear all of it, but I do have your statements, and you are making a valuable contribution.

I have no questions at this time, but I do thank you for your participation.

I will yield back my time, Mr. Chairman.

Mr. MARRIOTT. Well, thank you very much, Dr. Stern and Ms. Jeter. We appreciate your testimony.

Do you have any other points you would like to make before this panel? If not, we appreciate you coming, and your testimony will be read and reread many times by members of the staff and the members, and we appreciate your testimony and thank you for coming.

[Prepared statement of Alvera Stern follows:]

PREPARED STATEMENT OF ALVERA STERN, ED. D., DIRECTOR OF PREVENTION/EDUCATION SERVICES, YOUTH AND SHELTER SERVICES, INC., AMES, IOWA

My name in Alvera Stern and I am speaking today as the Director of Prevention/Education Services for Youth and Shelter Services in Ames, Iowa. I am also a representative for community-based youth services to the Iowa Governor's Youth Council and serve as the chairperson of that group.

Let me begin by expressing my apprecation for the opportunity to be here today to share with this select committee my feelings on the crisis facing the family of today, with a special emphasis on families in rural America. My testimony is based on nineteen years of direct grassroots service to young people and their families, the last five years being in Iowa.

I work at a community-based service enter which serves the rural counties of central Iowa. Youth and Shelter Services is a broad-ranging youth and family service agency which seeks to provide a comprehensive, continuum of service. Programs include Prevention Education, Crisis Intervention, Assessment and Treatment to families in need, plus Residential Services and Aftercare to youth and their families that must be separated for a time.

Our major programs are as follows:

Shelter care, initiated by federal funds and now funded by state Purchase-of-Service, court money, and donations.

Outclient treatment, initiated by federal funds and now funded by state Purchase-of-Service, client fees and donations.

Youth Recovery House, a long-term treatment center for the recovering teenage alcoholic and drug abuser, started with federal funds and now supported by Purchase-of-Service, court funds, client fees and donations.

Foster Care, initiated by federal funds and now supported by Purchase-of-Service, court funds and donations.

Delinquency and Alcohol/Drug Prevention Programs, initiated by a federal fund and now funded by juvenile probation and court funds, and private donations.

Our newest program a Youth Employment/Youth-Run Business Venture is starting next month using federal funds and local match. We intend to be locally funded within four years with federal money, and have been successfully phased out to state and private funds. None of these programs would have been initiated without that federal funding; we would not have been able to continue any of them without local support.

What I am saying is that even in an agency such as Youth and Shelter Services, with a track record of using federal funds to initiate projects and then picking up programs with a diversified mix of state, local and private funding, those federal funds have been crucial in the initiation and continuation of services to youth and families.

The areas in which we currently see the involvement of federal funds as being most essential for rural programs are youth employment, runaway/homeless youth, specialized foster care and delinquency prevention, and most importantly, federal involvement for non-system involved kids and their families in crisis.

We serve families in crisis with a broad spectrum of problems. In the past five years, the trends we have been seeing have been reflected in the intake statistics of our Treatment Center. For example, in 1982 the major presenting problems at intake were:

Home family, 80 percent; Alcohol/drugs, 60 percent; School, 51 percent; Peer relationships, 48 percent; Runaways/homeless, 43 percent; Sexuality problems, 36 percent; Child abuse, 12 percent; Suicide threats, 11 percent. (Each child reporting several major problems.)

Most strikingly, our statistics show increasing problems in our non-metropolitan areas with alcohol and drug-related problems, with sexual exploitation of kids including incest and prostitution for both boys and girls, an increase in runaway/

homeless youth, and increases in incidence of depression, suicide and other stress-related items.

I am not going to relate the usual rhetoric for the causes of an increasing incidence of families in crisis over the past ten years, except to add to the list change of family support systems, divorce, single parents, time stress, increasing mobility, inflation. One factor that has caught rural communities unprepared. Agricultural areas such as central Iowa have always felt themselves to be immune to economic depressions that impact the rest of the country. The past three years have been particularly hard for rural families facing economic collapse on the family farm and in the local agriculturally-based businesses. For rural youth, unemployment is reaching record proportions as youth are facing a triple whammy of cut-off of CETA youth funds, the change of farms to highly technical use of machinery, and the removal of areas of labor intensive crops (Bean walking and seed corn production through PIK price supports).

Our problems in rural Iowa reflect many of the problems of family-based and community-based treatment centers in non-metropolitan America:

(1) Because of the isolation of rural communities, families are not able to use the traditional support systems available to larger communities, such as community recreation, and school and church activities.

(2) The new mobility of rural families has separated families who for the past three or four generations were living in the same or near-by communities; the extended family gave friendship, security and safety valves to overwhelmed young mothers, bored children and rebellious youth. You could always run away to Aunt Sally's if things got too bad.

(3) Rural communities are troubled by a lack of services from Crisis Intervention to Juvenile Probation Services. It is not uncommon for several counties to share one probation officer and juvenile court to be held only once every four months. Very few options for the family in crisis in rural Iowa are available at present. Those services available are generally tainted with the stigma of bureaucratic labeling and most people are very reluctant to use them except as a last resort.

(4) Service centers that do operate in rural communities are nagged by high costs per unit-of-service due to the large distances that professionals need to travel and the time taken for travel. In-home services may be ideal for families-in-crisis, but the cost for rural services is astronomical.

(5) Rural communities suffer from a lack of education and information services, owing to their isolation. Much of the rhetoric at the federal and state level is geared for large metropolitan areas, and both state and federal guidelines, regulations and red-tape gobbledygook is written for bureaucrats who are trained to interpret it. Without a strong committment to rural America, funds available naturally gravitate to centers staffed with professionals who know the vocabulary and have the political savvy to get the funds. Rural communities are rarely blessed with individuals who can mobilize a vocal consistency and form active coalitions for family services.

(6) Rural communities often do not have access to services in either the public or the private sector for non-court involved youth. Young people and families in crisis may have to wait until there is police involvement until they are able to get "help". That "help" may be by way of an institution 200 miles away, and consist of incarceration for the youth and minimal family or community involvement.

My belief is that, first, there needs to be at the federal level the articulation of a national policy based on comprehensive, consistent, long-term programming for families in crisis. My observations of rhetoric at the national level on issues of children, youth and families is thus: like so many other issues, we use "kids" as a political football and our funding depends on the current most popular political strategies and the latest buzz words. Our rural communities and the agencies that serve their families live from year to year never knowing what funds will be available from what sources and when. I am not negating the importance of local funding, but I am stating that most agencies, including ours, have used federal funding as the foundation in building their own community programs.

Let me give an example: This year in March, I attended a City Council meeting to ask for Revenue-Sharing Funds to initiate a Youth Services Center that would provide education, crisis intervention, and treatment to troubled families in a large rural area. There were requests to the City for (1) a Bug Sprayer; (2) a Chip (fertilizer spreader) and (3) the Youth Services Center. (Bugs, Chips and Kids). The score was Bugs $7,000, Chips $6,000 and Kids $-0-. The City Council's justification was that it was unwise to spend any money on family services because the Federal Revenue-Sharing Funds are so uncertain from year-to-year.

Secondly, I believe that federal legislation needs to be written specifically to encourage numerous, small, non-bureaucratic approaches to family services that would

attract innovative, creative and effective support systems for the family in crisis in rural areas. These programs should insist on joint government and private partnerships, in which, larger existing service delivery systems can encourage or join community-based services to rural areas.

Thirdly, I believe that any future legislation on family services needs to include in specific language a dollar percentage set aside for training. Much of rural feeling of isolation, the lack of networking and coalitions, and the lack of services for youth and families is a result of inappropriate allocation of funds and lack of appropriate strategies for rural areas. There are worthy significant projects that provide low-cost, effective family services to rural communities in America and know how to get and maintain the funds for those programs. Their knowledge and expertise concerning both service management and service delivery need to be disseminated widely.

In conclusion, I believe most strongly that the time for "blaming and shaming" is past. Our families in crisis reflect the ills of society and isolating one particular institution, i.e. family, the extended family, the church, the school system, the community, local government or the federal government, as being responsible is to irresponsibly and grossly oversimplify the case.

My experience in the past is that positive institutional change is best promoted by those that use all resources possible. I believe that you as our Representatives can provide, as people of vision, consistent, purposeful, action-oriented leadership, legislation, and funding at the national level.

RURAL TRENDS—AN EXAMPLE; YOUTH AND SHELTER SERVICES, INC.: OUTCLIENT AND RESIDENTIAL COUNSELING; MAJOR PRESENTING PROBLEMS AT INTAKE [1]

[Percent of clients reporting problem]

Problem area	1972–73	1976–77	1981–82
Home/family	57.0	86.0	80.0
Emotional	17.0	38.0	66.0
Drugs	40.0	57.0	60.0
School problems	26.0	72.0	51.0
Peer relationships	N/A	13.0	48.0
Runaways	18.0	33.0	43.0
Sexuality problems	16.0	13.0	36.0
Drop-out	26.0	10.0	16.0
Child abuse	0	0	12.0
Suicide threat	0	0	11.0
Number of problems per client	1.9	3.4	5.3

[1] Data extrapolated from Youth and Shelter Services, Inc., Ames, Iowa, annual reports; 1972–73, 1976–77, 1981–82.

Mr. MARRIOTT. At this time the committee would call Mr. Greg Coler and Mr. Irving Harris. Mr. Coler is director of the Illinois Department of Children and Family Services in Springfield, Ill.; and Mr. Irving Harris is chairman of the Pittway Corp. in Chicago, Ill.

I was interested to note that they are going to talk to us today about a private and government partnership arrangement that apparently is very effective in Illinois, and we appreciate having both of you here. And we will first hear from Mr. Coler.

STATEMENT OF GREG COLER, DIRECTOR, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES, SPRINGFIELD, ILL.

Mr. COLER. Thank you very much, Congressman.

I am Greg Coler, director of the Illinois Department of Children and Family Services.

The Department of Children and Family Services in Illinois has an annual budget of about $200 million, and we have some 2,300 employees in 80 offices throughout Illinois.

Illinois is similar to most other States in that the disintegration of families has emerged as one of the most pressing problems confronting us in the 1980's. High unemployment coupled with disturbing rates of teenage pregnancies, infant mortality, adolescent suicides, child abuse and other social indicators suggest that States cannot adopt a business-as-usual attitude. We must find new and creative ways to deal with families in crisis.

The past 4 years in Illinois we have mounted a massive attack on child abuse and neglect in our State. We passed a comprehensive new child abuse reporting statute. We established a sophisticated computer-based central register of all child abuse and neglect reports. We hired hundreds of additional workers to investigate child abuse reports and provide immediate protection for children at risk.

The program is showing some impressive results. While the number of children reported as alleged victims of child abuse or neglect has increased by 67 percent in the past 3 years, the number of confirmed child abuse deaths has been going down steadily in our State—a 36-percent decrease in 3 years—when confirmed child abuse fatalities appear to be on the increase in most other States.

This suggests to us that the millions of dollars that Illinois has invested in streamlining its child abuse intervention system are having some significant impact.

There is a distressing flip side to this picture. The killing of innocent children by their parents and caretakers merely reflects the ultimate worst result of family dysfunction. What about the thousands of children who are maimed, burned, starved, or emotionally withered by those who are supposed to protect and care for them?

I am convinced that we must devise and support new creative methods to deal with parental inadequacy and family instability. Irving Harris, the Chicago industrialist and philanthropist, shares that conviction, and that is why we appear in tandem here today before you.

We have launched an exciting new program in Illinois called the Ounce of Prevention Fund. The ounce is unique in a number of ways. First, it is a government-private industry partnership with my agency and Mr. Harris' Pittway Corp. of Northbrook, Ill., contributing equally to a $1 million annual budget.

Second, it is aimed at providing services to high risk families before abuse or neglect occurs instead of afterward. And third, as its name implies, we believe the services will be cost effective.

The Ounce of Prevention involves six projects around the State of Illinois. Two are centered in Chicago where 45 out of every 100 babies are born to unwed mothers, contributing significantly to Illinois dubious distinction of having the sixth highest infant mortality rate among the 50 States.

One Chicago program targets its services to pregnant black teens and adolescent parents in a crime-ridden low income area on Chicago's west side. Unique features include parental training in the high school and the use of neighborhood women as home visitors and mentors for teen mothers.

The other project, on the near north side, aims at preventing early and repeated teen pregnancy, improving the outcome of adolescent pregnancies, and improving parenting skills of these young

mothers. Unique features include a special program for drug-abusing mothers and a self-help support group for parents of handicapped children.

All six Illinois projects are for parent education, access to prenatal care, a sense of community linkage, and referral networks to health and social services. Other common service elements including personal counseling, health and nutrition education, child development education, family planning, recreational, and play activities involving parents and children.

But perhaps the most unique overall feature of the Ounce of Prevention is its evaluation component. This will measure the program and cost effectiveness of our primary prevention efforts. Sociologists, psychologists, child development specialists, and physicians from Northwestern University and the University of Illinois make up our evaluation team. They will measure the impact of each program on its community, the family and the individual.

The Ounce of Prevention Fund has engendered a great deal of enthusiasm and support within the administration of Illinois Governor Thompson. In fact, just a couple of months ago the Governor announced that he is targeting a substantial amount of funds from the recently passed Federal emergency jobs bill toward preventing teen pregnancies and attempting to give young parents skills that will make them employable. The new program is aptly named "Parents Too Soon."

Despite the unswerving support that our Department of Children and Family Services had received from the Governor and the Illinois Legislature in the past 4 years, adequate funding of children's programs, especially primary prevention services, remains a significant problem. Our general assembly took cognizance of the problem a couple of weeks ago when it passed the bill that will enable the Illinois taxpayers to contribute $2 from their State income tax return to fund new child abuse prevention services administered by my agency.

State laws governing tax checkoffs and other innovative funding mechanisms, while preventing potentially lucrative new sources of financial support for human service agencies, must not be used, however, as a device for reducing the Federal commitment.

Federal cutbacks in social service funding, coupled with the deep recession in Illinois, have already resulted in major increases in income, sales, utility and gas taxes in Illinois—the first general tax increase that we have passed in 14 years.

Illinois is determined to meet its commitment to vulnerable and disadvantaged citizens, especially its children, but further erosion of Federal financial support would be catastrophic, in my estimate.

I hope the facts we are presenting today about the Ounce of Prevention will prompt the committee and the Congress to consider new ways to stimulate greater private sector participation in public human service programs, whether it is through tax writeoffs, stronger incentives for corporate charity, and philanthropy, or by expansion of opportunities for businesses to loan their expertise and even their executives to agencies which provide vital human services.

I think a stronger role for profit-making organizations in this field is not only desirable but essential for the health of our State

bureaucratic institutions. Increasing productivity—the goal that moves the wheels of commerce—can help us address this country's social ills as well.

Thank you.

[Prepared statement of Greg Coler follows:]

PREPARED STATEMENT OF GREGORY L. COLER, DIRECTOR, ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Thank you, Mr. Chairman, and members of the committee. I am Gregory L. Coler, director of the Illinois Department of Children and Family Services. Our child welfare program in Illinois is state-administered. The Department is one of the few child welfare agencies in the nation whose director is a member of the Governor's cabinet. DCFS has an annual budget of about $200 million and some 2,300 employees in 80 offices throughout Illinois. We conduct child abuse and neglect investigations and offer family counseling, homemaker, day care, foster care, adoption, licensing, and other services to children, youth and families.

Illinois is similar to most other states in that disintegration of families has emerged as one of the most pressing problems confronting us in the 1980s. High unemployment coupled with disturbing rates of teenage pregnancies, infant mortality, adolescent suicides, child abuse and other social indicators suggest that states cannot adopt a "business as usual" attitude. We must find new and creative ways to deal with families in crisis.

For the past four years we have mounted a massive attack on child abuse and neglect in our state. We passed a comprehensive new child abuse reporting statute. We established a sophisticated, computer-based central register of all child abuse and neglect reports. We hired hundreds of additional workers to investigate child abuse reports and provide immediate protection for children at risk. And the program is showing impressive results.

While the number of children reported as alleged victims of child abuse or neglect has increased by 67 percent in the past three years to nearly 63,000 children, the number of confirmed child abuse deaths has been going down steadily in our state. There were 95 such fatalities in Illinois in fiscal 1981. That figure was reduced to 71 last fiscal year. And when our final tally is in for the year that ended June 30th, 1983, the child abuse death toll is expected to be about 60. That's 36 percent decrease in three years—when confirmed child abuse fatalities appear to be on the increase in most other states. This suggests that the millions of dollars Illinois has invested in streamlining its child abuse intervention system are having significant impact.

But there is a distressing flip side to this picture. The killing of innocent children by their parents and caretakers merely reflects the ultimate, worst result of family dysfunction. What about the thousands of children who are maimed, burned, starved, or emotionally withered by those who are supposed to protect and care for them? I am convinced that we must devise and support new, creative methods to deal with parental inadequacy and family instability. Irving Harris, the Chicago industrialist and philanthropist, shares that conviction and is why we appear in tandem today.

We have launched an exciting new program in Illinois called the Ounce of Prevention. The Ounce of Prevention is unique in a number of ways. First, it's a government-private industry partnership, with my agency and Mr. Harris' Pittway Corporation of Northbrook, Illinois, contributing equally to a one million dollar budget. Second, it's aimed at providing services to high risk families before abuse or neglect occur, instead of afterwards. And third, as its name implies, we believe the services will prove cost effective.

Mr. Harris, in addition to being a successful businessman, is also a longtime advocate of improved health care for children. The Ounce of Prevention was born out of his concern for the health and social problems which crop up when children themselves give birth. The offspring of teenage mothers are far more likely than the general population to suffer from prematurity, low birth weight, developmental delays, physical handicaps, and child abuse and neglect.

Mr. Harris will tell you, from the perspective of a private sector business executive, why he has become so deeply involved in finding strategies to deal with this pressing social problem. But let me tell you a bit about the genesis of our three-year project. A year and a half ago, Mr. Harris approached me for financial help for a prevention program his company was funding in Aurora, Illinois. The concept so intrigued me that instead of merely funding the program, I challenged him to match

DCFS funds in setting up a number of such programs around the state—hopefully proving beyond doubt that dollars invested in services to "high risk" families would salvage hundreds of human lives and avert more costly public expenditures later on. Thus the Ounce of Prevention was born.

Currently, DCFS and the Pittway Charitable Foundation are funding six demonstration projects around the state. Two are centered in Chicago where 45 out of every 100 babies are born to unwed mothers, contributing significantly to Illinois' dubious distinction of having the sixth highest infant mortality rate among the 50 states.

One Chicago program targets its services to pregnant black teens and adolescent parents in a crime-ridden low-income area on Chicago's west side. Unique features include parenting training in the high school and the use of neighborhood women as home visitors and mentors for teen mothers. The other project, on the near North side, aims at preventing early and repeated teen pregnancy, improving the outcome of adolescent pregnancies, and improving parenting skills of these young mothers. Unique features include a special program for drug abusing mothers and a self-help support group for parents of handicapped children.

The four other projects—in Aurora, Rockford, Peoria, and southern Illinois—all have unique features. For example, Family Focus in Aurora serves a primarily Hispanic population and provides specific training and services to help parents cope with the complexities of living in a foreign culture. All of the projects, however, offer parenting education, access to prenatal care, extensive community linkage and referral networks to health and social services. Other common service elements include personal counseling, health and nutrition education, child development education, family planning, and recreational and play activities involving parents and children.

Probably the most unique overall feature of the Ounce of Prevention is its evaluation component. This will measure the program and cost effectiveness of our primary prevention efforts. Sociologists, psychologists, child development specialists and physicians from Northwestern University and the University of Illinois make up the evaluation team. Using on-site associates, the team will measure the effectiveness of each program on its community, the family and the individuals.

Although the research and evaluation component of the Ounce has just gotten off the ground, we've already made some significant discoveries. We have found, for example, that the meaning of prevention differs for each community and each cultural group. In Aurora it means reducing language and cultural barriers to needed services. In rural Carbondale it means reducing the social isolation brought about by the physical distance of new mothers from other mothers and services. We've found that teen parents, unlike parents age 20 and over, will not just "drop in" at a center for help. They need structured environments offering concrete "nontreatment" activities, such as sewing, cooking, and child care to get them involved in a program for parent support and counseling. We've also found that the families we are serving through the Ounce programs—about 1,500 persons including parents and children—are no different from those who get into our protective services caseload—we are just getting to them earlier.

I am enthusiastic about this program—especially for what primary prevention will mean for the future well-being of young parents and their children. We plan to work with schools, hospitals, the press, radio and television, using all available forums to inform parents, parents-to-be, and the community at large about the importance of good nutrition, the risks of heavy cigarette smoking and alcohol and drug abuse during pregnancy, and other hazards to the health and development of a child. Generally speaking, our aim is to help parents feel better able to cope, to give them a sense of being in charge of their own lives, and to understand that there are friends and neighbors available to them—and organized services which can help them help themselves.

The Ounce of Prevention Fund has engendered a great deal of enthusiasm and support within the administration of Illinois Governor James Thompson. In fact, just a couple of months ago the governor announced that he is targeting a substantial amount of funds from the recently passed federal emergency jobs bill toward preventing teen pregnancies and attempting to give young parents skills that will make them employable. The governor realizes that teenage pregnancy sharply restricts a young woman's educational attainment, which in turn reduces her employability and heightens the likelihood of an adult life marked by illegitimacy and welfare dependency. He also knows that teen pregnancies and adolescent marriages frequently have similar damaging effects on the lives of teenage males.

The governor's "Parents Too Soon" program, like the Ounce of Prevention program, will seek to mobilize existing services of both public and private agencies into

community service networks. The governor's program calls for creative utilization of day care for teen mothers to help them upgrade their job skills and potential for long term employment.

Unlike many other states, Illinois has a rich tradition of human services being provided by both church-related and non-sectarian private agencies. In fact, about two-thirds of my Department's budget goes toward grants and contracts with voluntary agencies. We like that blend of services in Illinois. It tends to bring out the strengths in both the public and private sectors. The Ounce of Prevention has now added a new dimension—substantial funding and program involvement by a profit-oriented organization that has a highly developed social conscience.

A significant side benefit of our public-private Ounce of Prevention partnership is opening a new window and letting the winds of private enterprise sweep through the state bureaucracy. When people from the business community and corporate philanthropy get involved in "people-oriented" state programs, I think it has a salutary effect on everyone, including managers of state programs. Moreover, our involvement with Mr. Harris in the Ounce of Prevention Fund, has been particularly helpful in integrating important research findings from the medical and health fields into the social service environment.

Despite the unswering support DCFS has received from the Governor and the Illinois legislature in the past four years, adequate funding of children's programs—especially primary prevention services—remains a significant problem. The Illinois General Assembly took cognizance of the problem a couple of weeks ago when it passed a bill that would enable Illinois taxpayers to contribute $2 from their tax return to fund new child abuse prevention services administered by my agency. I understand six other states have similar tax check-offs.

State laws governing tax check-offs and other creative mechanisms like the Ounce of Prevention, while presenting potentially lucrative new sources of financial support for human service agencies must not be used, however, as a device for reducing the federal commitment. Federal cutbacks in social service funding coupled with the deep recession in Illinois have already resulted in major increases in income, sales, utility, and gas taxes in Illinois—the first general tax increase in 14 years. Illinois is determined to meet its commitment to vulnerable and disadvantaged citizens, especially its children, but further erosion of federal financial support would be catastrophic.

I hope the facts we are presenting today about the Ounce of Prevention will prompt the committee and the Congress to consider new ways to stimulate greater private sector participation in public human service programs. Whether through tax write-offs, stronger incentives for corporate charity and philanthropy, or by expansion of opportunities for business to loan their expertise—and even their executives—to agencies which provide vital human service, I think a stronger role for profit-making organizations in this field is not only desirable but essential. In a world of finite resources, social service agencies must learn to do more with less. Increasing productivity, the goal that moves the wheels of commerce, can help us address this country's social ills as well.

Mrs. BOGGS. Thank you very much for your excellent testimony. We will hear from Mr. Harris now so that we can have a more, as Father Harvey said, holistic vision of the problems that you are addressing. We look forward to your testimony. I am personally very happy to see you, Mr. Harris.

STATEMENT OF IRVING B. HARRIS, CHAIRMAN, PITTWAY CORP., CHICAGO, ILL.

Mr. HARRIS. Thank you, Mrs. Boggs.

I feely highly honored to speak to you today.

I have come back from a vacation in order to testify, and as a consequence, my notes here do not follow completely the report which I did submit in advance, and I will try to correct this within the next week or so.

You have been charged with the major responsibility in the area in which I have been interested for 30 years. I am a businessman. I have been for 52 years. In the past 20 years I have served as chair-

man of the board and chief executive officer of Pittway Corp. We are listed on the American Stock Exchange.

As an individual and as a person who makes philanthropic grants from time to time, I have been concerned for a long time about a variety of family crises. I was astounded recently when I found out the State of Illinois is spending $200 million a year coping with crises which occur when child abuse comes to the attention of the authorities.

I have also been increasingly concerned with the problems related to teenage pregnancies. Not only does the high school dropout rate for young mothers concern me, but also the dismal future of these young mothers and fathers. I have an even greater concern for the children who are born to mothers who are not married, mothers who in most instances are too young and too immature to have the capacity to nurture their children in a way that a human being requires to be nurtured if that child is to grow up to be a successful member of our modern day society.

Living as I do in Chicago, I know that 45 out of every 100 births in the last few years have been to women who are not married. Now, that is an awesome number. It is only outdone by the city of Washington, D.C.

Forty-five out of 100 births are to women who are not married. These children are born at great risk, and if lucky, they may end up only as illiterate and unemployable. I was not surprised to read in the recent report of the Presidential Commission on Excellence in Education that 13 percent of all 17-year olds in the United States are illiterate.

My basic concern as an individual is for the human tragedy involved in each of these crises. But as a citizen and as a businessman, I am increasingly concerned about the collective economic impact on our Nation of thousands and thousands of such tragedies. After all, each of these individual children is a potential employee, customer, supplier, soldier, elected public official, or an individual who will work for the city, State or Federal Government or have some other occupation.

Unfortunately, many of them will not only fail to achieve their potential, but they will become expensive wards of society. And we all realize that the cycle of poverty tends to be self-perpetuating.

While we know from science and commonsense that many of these individuals can and should be helped, it is not clear that there exists enough money or talent to cope with each of these individuals if we wait for inevitable crisis. Every time you witness an individual crisis and you begin to understand the factors that led up to the crisis, the thought has to occur to you that there must be a better way. There must be a way to avoid the crisis by some strategy of prevention.

Pittway, our company, manufactures First Alert smoke detectors at its plant in Aurora, Ill. Aurora, like many other cities in America, has its share of teenage pregnancies, out-of-wedlock births, too many premature births and low birthweight babies, too many children with developmental disabilities, too much child abuse and neglect, learning and discipline problems in the schools, juvenile delinquency, alcohol abuse, drug abuse, kids dropping out of school, mounting crime rates, too many unemployable youths whose lack

of education bars them from the few jobs that are available because there are fewer and fewer unskilled jobs in industry which increasingly require more office skills, computer competence and engineering training. In addition, this community is confronted with many problems resulting in part from a great flow of new immigrants, many of them illegal.

Concerned as we at Pittway are about the long-term quality of our labor force, we felt it was important to do our share in improving the opportunities for the families and their children in this high risk community.

We are the largest employer in Aurora. Therefore, we decided we would organize programs to support these families in a not-for-profit community-based center, a self-help center. Among other activities, we teach English to Spanish-speaking mothers and fathers. Furthermore, we have succeeded in getting the school system to give regular credit for these classes. We have also organized Girl Scout troops in an effort to try to get the kids interested in something other than becoming mothers when they are 12 or 13 or 14 or 15 years old.

As we went on with the planning, we talked with the Department of Children and Family Services, thinking that they would be interested in our initiative and might give us some modest financial support as we attempted to lessen child abuse and neglect and other preventable children's problems like illiteracy.

We found that the State was not only willing to help us but was very anxious to set up a major prevention experiment for 3 years in several sites. Mr. Coler raised the ante. We had asked him for $25,000 to support what we thought would be a $100,000 or $125,000 cost of a center in Aurora. He said he would like us to provide $400,000 and would match $400,000 which the State would set up to really test out this prevention strategy.

Now, we have six trustees on our charitable foundation board. Five of them are experienced businessmen; one is an experienced lawyer. Every one of them was very enthusiastic about our joining in this effort at prevention.

We are well aware of the fact that we have to monitor closely the impact of these programs. That is why we have set up a national advisory committee consisting of outstanding scientists to advise us and stay posted on the results which we are achieving.

We are proud that our company through its charitable foundation has so far invested $500,000 to match the Illinois Department of Children and Family Services to set up and measure the effectiveness of these six primary prevention programs.

I believe that it is better to do everything we can to help parents do a better job in giving infants a healthy start than trying to apply later what might be called the Band-Aid approach; that is, superficial treatment of later symptoms of social blight—setting up drug abuse treatment centers, costly special education programs, unemployment relief, increasing welfare costs, more prisons, et cetera.

The alternative to a Band-Aid approach is what the social scientists and medical scientists call primary prevention. To give an example of primary prevention: think of a playground which is used by schoolchildren daily. Suppose the playground has a great deal of

broken glass on its surface as well as many obstacles which cause the children to trip and fall. Knowing the children will play there every day, you have one or two choices. Either you can get a lot of Band-Aids ready to apply to the cuts and bruises the children will get as they fall, or you can take the time, trouble and money to clean up the playground, get rid of the glass and remove as many of the obstacles as possible.

We view the Ounce of Prevention program as a catalyst. We bring together people who want information and need support in their child rearing, even simple kinds of help like occasional baby-sitting or shopping or just having someone to talk to and share good news or what seems to be a peculiar problem with a baby who didn't want to sleep last night. We have at each center a few professionals who can point the way and inform parents about available community services.

As part of our primary prevention programs, we work with schools, hospitals, the press, radio and television, lectures, all kinds of ways to inform parents and parents-to-be about the need for good nutrition, the risks of heavy cigarette smoking and alcohol and drug abuse during pregnancy.

Generally speaking, our aim is to help parents feel better able to cope, to give them more sense of being in charge of their own lives, and to help them understand that there are friends and neighbors available to them and organized services which can help them help themselves. All of this will help them to become more competent parents, which will mean they can enjoy their baby, play with and talk to the baby, be ready themselves when the baby is ready to crawl away or toddle off to take care of himself, and still be able to take care of the baby when he needs the security of a loving, available parent.

Science tells us today that children are very alert right from birth. In the first hour after birth they can see, hear, taste, smell and touch. They develop very fast, they learn fast, and they can give a lot of joy and feedback to a parent who starts out by being not too competent but becomes increasingly competent with a certain amount of help and support from the outside.

In the final analysis, only parents can do the job. We do not plan to deliver services or have clients. We want to encourage and develop self-help networks in the communities consisting in part of volunteers who themselves have been successful parents and come from backgrounds similar to the new parents. If we can succeed, our primary prevention program will be very cost effective.

We have set up systems to support parents when their babies are infants and to enable parents to obtain prenatal care and nutrition advice. There is an abundance of evidence, scientific evidence, that proves it is possible to favorably change the outcome for high risk infants. We believe we are mobilizing the human resources and requisite skills to do that job. We believe our research will prove prevention is doable and cost effective. We think the experiment is important for the Nation as a whole.

While we expect to make a meaningful contribution in the six comunities in which we are active, we realize, of course, that the problem is nationwide. Our efforts and the efforts of other private groups will be woefully inadequate to do the job on a nationwide

scale. It is clear to us that increased Federal support is essential to help fund programs that have proven effective and can be expanded and replicated.

We are enthusiastic about our results so far. Perhaps in the question period we may have an opportunity to explain more of the details that would be helpful for your consideration.

Thank you.

Mrs. BOGGS. Thank you very much, Mr. Harris.

I would like to ask the committee members, we have a quorum call; do you think that this would be the proper time to break to go to answer it or should we get into the questions and then go in a little while?

Mr. MARRIOTT. I am wondering if this is the first in a number of votes about to come on.

Could perhaps staff find out if there are going to be a number of votes?

Mrs. BOGGS. While we are finding out, we can still be edified by the questions of the committee.

I was extremely interested in your last comment, Mr. Coler, about increased productivity in the social services as the answer to doing more with less. I was also interested in the reference of Mr. Harris about the excellence in education report and the difficulties that we find in the lack of education of young people as well as for adults who are illiterate or who have a language barrier problem. Of course, if we are ever going to be truly productive in the Nation so that we create the kind of economy that would be conducive to a better way of life for more and more people, we certainly have to concentrate on the educational aspects.

I was very pleased to note that Ounce of Prevention is concentrating on that area as well.

Mr. Fish, would you like to start the questioning?

Mr. FISH. Thank you, Madam Chairman.

I think we have an invitation here from Mr. Harris at the very end of his testimony when he said that perhaps in the question period he may have an opportunity to explain more of the details. You were referring to why you went into this venture and what you are finding and why you are so enthusiastic about your results.

Mr. HARRIS. You would like for me to respond to that now?

Mr. FISH. Would you care to give us a little more detail?

Mr. HARRIS. We have been pleased in the first place that each of the centers has proved to be attractive to the people in the community who have young children. When we first formed this partnership, because of the rules of the State, we sent out a request for proposals, and we received 115 proposals. These were carefully reviewed by several panels of people who are qualified, and we eventually settled on the 12 that seemed to be the best, and then had to winnow them down and take only 6. One of these is in Carbondale, Ill., which is at the bottom of the State, the rural and mining communities, a three-county area. One is in Rockford, another in Peoria, another in Aurora, and then two in the ghettos of Chicago.

Some of these programs were existent but small. Other programs were started de novo. In some of the cases, the programs started slowly. We used television interviews and press conferences and all that sort of thing to try to interest people, but I can tell you that

we have been more than surprised and more than pleased with the very large number of young people who are coming in—we invite them to drop in. We befriend them. We help them to find their way to existing social agencies and health facilities whose purpose is to help them. We are consistent in our continuing offer to help them help themselves. We introduce them to 30-year-old successful mothers from the community. Frequently, that mother becomes a big sister for 2 whole years providing a role model for competence and hope and eventual success. We have some 1,500 mothers and many, many fathers who are coming into these centers every day, and we feel, just viewing what they are doing, that we are accomplishing a great deal of good.

We are teaching these kids, the mothers, and the fathers, something about what properly to expect from their children. When we meet with them, we can teach them and they can believe, not only from us but from the other young mothers and the other fathers who are there with them, that it is inappropriate to take a belt to a kid who is 6 months old because he may have been crawling and knocked something over. That is not really discipline; that is an inappropriate and harmful reaction by a parent who does not understand the way a normal child develops.

We think that the severe punishment that sometimes is visited upon children when they are not toilet trained at the particular time when the uninformed parent thinks they should be handled in a way other than with physical abuse.

We believe that we are doing a great deal toward improving the nutrition of these parents before the baby is born. We know that from other programs like ours that the number of low birth weight babies born to poor young mothers can be held down to no more than 6 or 7 out of every 100, whereas among poor populations, the nationwide average runs over 14 percent. Now, that is really primary prevention. If you can prevent 7 out of 100 babies from being born at 1½ or 2 or 3 pounds, you not only save huge costs in premature facilities costs in the hospitals, but you also prevent a lot of developmental disabilities.

There also tends to be a considerably greater amount of child abuse and neglect when a child is born that small and therefore has to be kept in the hospital for many, many weeks, separated for that time from the mother and the father.

So we think that there are a great many positive things that are happening.

Mr. FISH. Thank you very much.

Mrs. BOGGS. Since we have to go to the floor to answer the quorum call, Mr. Fish has suggested that perhaps we break for lunch for about a half an hour. Or would you prefer to go straight through? I do not know what your travel arrangements are.

Mr. HARRIS. That is all right with me.

Mrs. BOGGS. Mr. Coler?

Mr. COLER. Whatever you wish, Madam Chairman, will be fine.

Mrs. BOGGS. We do not want to impose a hardship upon you. We can come back to finish this particular panel if it is more convenient to your travel schedule.

Mr. COLER. That would certainly be helpful, but I am more than happy to stay over if that is more convenient for the members of the committee.

Mrs. BOGGS. We will come back for 15 minutes and then break for lunch if it is indicated.

Thank you.

We will be right back.

[A brief recess was taken.]

Mrs. BOGGS. The committee will come back into order.

Mr. Miller did not have the opportunity to be with us during your testimony, but I know that he has tried to arrange his schedule so that he could be certain to be here.

Now that he is with us, I would like to recognize our chairman, Mr. Miller.

Chairman MILLER. Thank you very much, Madam Chairman.

I want to thank both Mr. Coler and Mr. Harris for their testimony.

This committee is very seriously concerned with finding new alliances to provide social services. This morning we heard of the importance of partnership between the private sector and the public sector. It is pretty clear from your testimony, at least with respect to the program, Ounce of Prevention, that you have been able to create such an alliance.

How might that model be transferred to the delivery of other social services? Are there other areas of potential partnership?

Mr. COLER. Well, I think there certainly are, Congressman. I think one of the easiest ways to promote this would be to put in the announcements of the Office of Human Development Services discretionary money, which I believe is about $30 million a year now, as well a other grant-making entities within the Federal Government such as the LEAA juvenile justice funds that priority will be given to requests that contain public-private partnerships. In other words, the Federal Government could demand a higher rate of State and private match for Federal dollars.

I think that whenever Federal money can be used as an incentive to encourage the joining in local communities and States of private money, State tax dollars, and Federal dollars, that you will encourage this type of partnership to proliferate.

Chairman MILLER. You are suggesting what I think everyone on this committee already recognizes, that there will probably never be enough Federal dollars to fund 100 percent of the need. It is a question of whether or not we can leverage, them whether or not those dollars can become a catalyst for action at the local level on behalf of both the public and private sector.

Mr. HARRIS. Well, I do not know whether this can be replicated nor how often it can be replicated, but there is no question in my mind that matching encouraged this particular partnership. If I had gone to our corporation and asked for $400,000 last year to initiate a program of experimentation in primary prevention, they would have thought I was off my rocker.

Furthermore, Greg Coler has told me that he never could have asked the Governor for $400,000 to initiate an expermental program like this because it is very hazardous. Now, the least that did happen was that we split the risk in half by each putting up half

the money. But something much more important went on than that. When our board was told that the State would put up $400,000 if we would match it, they dared us to do something, and we responded. And I think in the reverse of that, the fact that a private corporation, presumably knowing what it was doing—there is always the presumption that a businessman knows what he is doing, and sometimes he does, but nonetheless, the fact that a private company was willing to put up $400,000 made a very big impression on the people that Director Coler had to get his money from, as well as on the legislative committee that he works with.

Now, if this whole idea were silly, I suppose that they still would have turned it down, but I think that primary prevention is an extraordinarily important principle that we just have to work on. I think that this whole problem of the intergenerational transmission of poverty, the fact that 6 percent of the Nation's "multirisk" families, so called, absorb some 70 percent of all the money that is spent by Federal, State, county, and city in welfare costs and social costs, is something that we all have to conjure with.

Our center in Lawndale welcomes these young mothers, 14, 15, and 16 years old, and their babies. They come into the center every day. They are getting help. Many of these mothers are inarticulate, they cannot read, they cannot plan—they are chaotic, they are impulsive. There is just no way in the world that you can presume anything other than probable disaster for those kids when they grow up unless you intervene right at this point.

Now, I was interested in Head Start. I thought the concept of Head Start was marvelous, recognizing that when a child got to school at age 6, if he was already behind 2 or 3 years, he was going to be in trouble, and therefore you had to get to this kid and teach him something before—at the age of 3. That worked fine for many children. But it did not work with many others who by the age of 3 were already too far behind.

I think we know much more today about how to break that intergenerational cycle of poverty than we did 20 years ago. I think there is a lot of good scientific evidence, and you have heard Dr. Greenspan testify about the fact that a baby born with good genetic endowment starts going downhill within the first 2 or 3 weeks if the mother or the caretaker is not sensitive to that child's cries and that child's needs.

We have a system that has been going on for millions of years. Human beings procreate and recreate themselves, but to create human being it requires the nurturing that a mother and a father can give the infant. Without that, you just do not have viable human beings at all.

We have figured out a system in this country to take a lot of those babies and give them a sufficient amount of nutrition so that they continue to live but never do get humanized. They have no opportunity to become socialized, human and learn how to live in our society. If they have never been humanized, we do not know how to prevent them from going out at 13, 14, 15, or 16 and creating another baby whom they will probably not nurture and humanize. It is something we just have to stop. The costs are absolutely enormous. The streets of the city are no longer safe. The quality of production that American companies can put forth in competition

with the Germans and the Swiss and the Japanese is not good enough. There is just an enormous amount that we have to do in this country to get at this central problem. And we now know how to do it now.

Chairman MILLER. Let me just pick up on the very last part of that statement.

Are you suggesting that you would feel more comfortable standing before the board of directors of other corporations today, as opposed to 20 years ago, arguing for greater investment in human capital, because you feel much better about today's models for investment than those of 20 years ago?

Mr. HARRIS. Much more.

Incidentally, videotape has been a great factor in this new knowledge. You can see; anybody can see, you do not have to be a professional to see enormous changes that occur, both positively and negatively, in infants who respond within a period of 2 or 3 weeks to good treatment or bad treatment. It is just as plain as can be, and anybody can read the videotapes.

Chairman MILLER. Thank you.

Mrs. BOGGS. Mr. Fish?

Mr. FISH. Thank you.

One followup, before we broke to answer the quorum call, to Mr. Harris, and that is bearing in mind that you are a corporate charitable foundation and are interested in getting more corporations involved as you have been involved. Are there sufficient incentives, in your judgment, in our tax laws, or do you have other incentives to get more corporations involved as your foundation did?

Mr. HARRIS. Well, I think there are plenty of incentives for corporations. Very few corporations, as you know, did take advantage of the 5 percent of pretax earnings, and now that has been expanded to 10 percent. So there is no shortage of incentive for corporations.

I think the drop in the individual income tax maximum rate from 70 to 50 percent has been a negative influence because a person giving a charitable contribution 2 years ago thought he was saving 70 percent of the gift and now he is only saving 50 percent of it. But I do not know how that is really too meaningful to measure that impact as individuals.

We as individuals stopped giving any contributions to our family foundation 10 or 15 years ago when the rule was changed so that you could no longer give appreciated securities. We give appreciated securities to the 501(c)(3) organizations now, but we have not increased our own family foundation at all in the last 8 or 10 years, since whenever that rule was changed.

Mr. FISH. Thank you.

Mrs. BOGGS. Mr. Marriott?

Mr. MARRIOTT. Thank you.

I would like to ask Mr. Coler if he feels that as the director of a large State organization or department, if you feel that State and Federal Governments are too preoccupied with Federal-State shares of dollars, and how much money we are appropriating at Government levels and not enough emphasis on these types of partnerships that we are seeing evidence of here today?

Mr. COLER. I think that a lot more attention could be given by the Federal Government to how you could encourage this type of thing to happen. It is well proven that when you pass laws that provide fiscal incentives to do certain things, that you get that kind of behavior. The Adoption and Foster Care Reform Act of 1980 is one of the best examples of you the Congress setting up incentives for States to manage it a different way, and I think you can do the same thing in terms of encouraging these kinds of partnerships.

I think all too often in communities, if you take the total moneys that are available to try to work on social problems, oftentimes the way those moneys are invested is in total isolation. The philanthropic community does one thing; the States are doing something else; the United Way is over here. We need a lot more efficient planning for all of these moneys, and I think that is one of the most important things that the Ounce is an example of. The State is very interested in what the philanthropic community is doing and when we invest our money together, we have a much better chance of leveraging State funding to carry these programs forward. The demonstration project is not worth much if after the seed money is gone the project dies. How many millions of dollars have we seen go into those kinds of enterprises without any permanent impact.

One of the things that Mr. Harris and I started out with as a goal from the beginning of the Ounce was that our goal was to institutionalize funding for primary prevention programs in our department in the State of Illinois. That is our goal. We will either achieve it or fail, but at least we have from the beginning a goal to institutionalize that which we believe in.

Mr. MARRIOTT. How much money do you manage?

Mr. COLER. $200 million.

Mr. MARRIOTT. Of the $200 million, how much of it goes to preventive type programs?

Mr. COLER. Prevention, as you know, is defined so many different ways. I mean, we invest a lot of money in what would be called secondary prevention or tertiary prevention, you know, trying to prevent crises from occurring again, but in terms of primary prevention, this is the only project that we have underway at the present time.

Mr. MARRIOTT. So of your $200 million, you are spending $500,000 for one prevention program.

Mr. COLER. One primary preventive program.

Mr. MARRIOTT. What program do you have—and I assume Governor Thompson is favorable to this approach—what program do you have to leverage your money even more by getting more Irving Harrises involved in these types of projects?

Mr. COLER. We do have an amount of money in our budget for discretionary grant making where we can enter into flexible, innovative, creative arrangements such as this, and that is where the money comes to match the Pittway charitable fund dollars.

Mr. MARRIOTT. I might say, Madam Chairman, that I am very impressed with this concept of getting Government and private enterprises involved. I think this is something that has to be promoted more, and I would like to ask Mr. Harris, obviously your program is a success. Your company has decided to do this.

How do we go, how do we get other companies aware of what you are doing, and how do we promote this? Who is going to be the ombudsman, the advocate for these types of programs?

Mr. HARRIS. Well, you may wonder, and I wonder, too, how much private corporate support we might develop for these programs. I think quite a lot. For example, the Dayton Hudson Co., in particular is interested in addressing illiteracy problems. So also are the Gannett Newspapers and the Los Angeles Times-Mirror. So far their efforts in trying to address illiteracy have been limited to adults, but I think they are eligible right now, and will be approached very shortly by us, to join us in trying to prevent illiteracy in children trying to promote literacy at the time when they should be reading, which is at age 5 or 6 or 7. We have some specific plans within the Ounce of Prevention program to do this.

Another thing, in Chicago 22 of our largest companies several years ago organized what is called "Chicago United to Improve Racial Relations." While their programs thus far have not concentrated on children, I have reason to believe that their current thrust of increasing concentration on problems of schools will begin to support programs to prevent illiteracy and to prevent school dropouts.

As I understand it, these companies recently, as has our company, doubled the percentage of earnings available to support programs of this sort. As a businessman, I am well aware that our company can continue to prosper only in an environment of successful communities. Poverty, illiteracy, crime, substance abuse, early pregnancies, out-of-wedlock babies all add up to a very unhealthy environment, unhealthy for society and unhealthy for business.

We need high quality and well educated employees and customers and suppliers. We have to compete with other companies and other countries; we cannot do it unless our company and its people are as good and as well educated and as caring about quality as any in the world.

I think that Chicago United Companies—and this includes Borg Warner and Standard Oil of Indiana and the Continental Bank and the First National Bank and the others—I think are increasingly aware of the fact that we cannot attract business to Chicago unless we can improve the schools. And Ruth Love, our superintendent of schools, is increasingly aware of the fact that she has to do something to reduce the amount of pregnancy in the schools. She has to do something about trying to get education to those mothers, trying to keep them in school even after they have had their children, and also to do something about their infants.

I think that the sad part of the whole thinking about teenage pregnancy is that it misses the central point. The central point is what happens to the children of the girls? It is a tragedy for the girls, but nobody has focused on how bad it is for those children. Those children do not really have any chance. But I think these companies will join us, and I have set the ball in motion anyway to address their group when they meet sometime in September.

Mr. MARRIOTT. Thank you very much.

I again want to express my enthusiasm over what you are doing, and I hope that this committee, this select committee can focus in

on this issue and see if we can be of some help in getting other corporations and other State entities interested in these types of partnerships.

I thank you very much for your testimony.

Mrs. BOGGS. Thank you, Mr. Marriott.

I have been sitting here most of the day just brimming over with questions I wish to ask, but since we had such large attendance and there was so much interest in the hearings, I deferred from doing so. But I am so vitally interested in your testimony that I am going to impose upon you a little further and ask some questions of my own.

I think Illinois, Mr. Coler, should be quite proud of this interesting State-private corporate partnership. In this particular area of prevention and partnership with Pittway, you have had such a great success, but can you tell me how your effort is affecting other elements of the child and family services program which the State administers?

Mr. COLER. I think that this program has had several obvious impacts already. The language from the Ounce of Prevention fund, is in the legislation that the general assembly just passed for the tax checkoff for prevention that the Governor will be considering soon.

Second, the Governor's decision to put a substantial amount of our jobs money into the Parents Too Soon program in my mind is a direct result of his personal discussions with Irving Harris and this program. The Governor's staff has taken a great interest in this program and have read about it, and frankly, the Parents Too Soon program is modeled after it.

The point being that if you have enough magnitude to a program in a State and it begins to attract attention and the idea is solid and the program elements have merit, you begin to see other moneys begin to flow to it. And that is precisely what we had in mind. It was never our thought that $1 million was going to make any great difference if that is all that ever happened.

If that $1 million attracts, and it already is, the kind of policy and legislative attention that it deserves, then what we begin to develop is institutional change, and that is what we are seeking. That is what we think the Ounce of Prevention can do. That is why the risk is worth it, and that is why I believe, the Pittway board of directors invested the money, because if you are going to invest charitable dollars, you want them to have the maximum impact they possibly can. And I believe that the investment they have made is going to change the way we think about investing Illinois tax dollars in social services in our State in the years to come, if that does not sound too expansive. But we are going to work very hard at it. It is not something that is going to happen automatically.

But I cannot in my mind just continue to go to the General Assembly of the State of Illinois and ask for the kinds of millions of dollars that I need to to run our child abuse and neglect programs and read about the deaths and the maiming and the horrible tragedies that affect kids every day, and not eventually say what are we going to do to get at the front end of this problem? We cannot continually just address problems and only have our social service

policy deal with after-the-fact responses to horrible tragedies that affect children and families.

And I hope that this committee will take up that cry as well in terms of how we focus nationally on these issues because the problems are no different in the aggregate than they are at the community, block, and State level.

Mrs. BOGGS. Of course, the whole idea of having a Select Committee on Children, Youth, and Families was indeed to provide as a catalyst to bring together all of the splendid ideas. It was also hoped the committee would see the family as a whole and how each person within that family, whatever his or her problems may be, fits into the entire family and community system.

Mr. COLER. And if I could make one gratuitous comment, it is so nice to see a committee of the Congress that is going to deal with the entire problem. So much of the deliberation has gotten so categorized in the last 10 years, you deal with runaways here, drug abuse problems there, child abuse and neglect is yet in another part of the administration, another committee. This is the only committee that I know of that—is dealing with and discussing and engendering testimony that deals with the whole continuum of the problem and the kind of responses to the problem that are necessary if we are ever going to have any hope of using the limited money that we have, to make the maximum impact in terms of what happens to those clients, to those people who need the services.

So if I can just add my small praise to that of others across this country that we are very thrilled that this committee has come into existence and certainly appreciate the advocacy of all of you in seeing to it that it has come into being.

Mrs. BOGGS. We thank you very much. That is very nice of you and gracious of you to say so. I know it is said with real feeling when you have the problems that you do at the State level.

I am sure you are aware of a study recently released by Richard Nathan of the Woodrow Wilson School at Princeton that suggests the most financially pressed States have really not tried to make up the budget cuts by the Federal Government and that low-income families are being squeezed more than any other group.

Can you tell us what Illinois has done to cushion low-income families and the children from these cuts and how much the State has made up?

Mr. COLER. Well, we just did the most difficult thing that I think you can do in State governments today, we raised the income tax, raised the income tax so we could save our general assistance program, raised the income tax so we could continue to have money for our program for abused and neglected children. It was a very, very difficult issue for the Governor and the general assembly to deal with, but deal with it they did, and they raised the taxes, and as I said in my testimony, Illinois has a strong commitment to take care of its most vulnerable citizens, and it has just put its votes where its mouth is.

Nobody likes to increase taxes, but the State was at a crossroads. It was either increase taxes or have a whole new way of thinking about what is going to be expected of the State in terms of social services.

So $1 billion in new tax revenues is going to be raised in the next year so that we can continue to provide the kind of programs that we have. When you take our State budget of $13 billion, a majority of that budget is involved with services to children and families, six departments. So that is where the cuts were going to come from.

Mr. HARRIS. May I comment on that, too?

The city of Chicago is also raising its taxes, as is the school district raising its taxes and the Chicago Transit Authority and the RTA are increasing their taxes.

The consequences of Illinois raising its taxes and Chicago's raising its taxes are that our State has become poorer and unemployment increased as so much heavy industry has moved out of the United States and out of Chicago and out of Illinois. As our unemployment is higher and our needs are greater and taxes greater, the shift of industry and jobs is away from Illinois. It is very difficult to attract businesses to come to Chicago or to Illinois. It seems to me that while we are doing a good job currently of increasing taxes in Illinois in order to provide these services, the higher State and city taxes will tend to keep more businesses out of Illinois and thereby increase unemployment and taxes once again.

Mrs. BOGGS. Mr. Harris, I agree wholeheartedly with your assessment of that. I work very hard in my own community to upgrade the level of care and education in full recognition of the need to attract industry so that we can, indeed, create a better way of life and a better quality of life for our people. Some of the crisis proportions of the problems that we see now can be abated in future years with this kind of effort and investment.

Of course, that is one of the real difficulties I think our Nation is confronted with. The problems reach crisis proportions before we recognize them as a national problem and try to address them with Federal legislation. Obviously, an Ounce of Prevention, and programs such as the ounce of prevention, are the answer to minimizing some of the difficulties in the years to come.

In the meantime, however, we cannot fail to meet the crisis situation we are seeing. Do you feel that we are going to be able to afford to fund programs to take care of the enormous numbers of the homeless out there right now and also attract more corporations, more private sector involvement into preventive-type programs?

Mr. HARRIS. I think we can attract corporate support for preventive programs in a modest way. I do not look to corporations or private philanthropy to take up more than a small percentage. I think that you are going to find corporations and individual philanthropies more interested in setting up model programs that can eventually be absorbed into the institutional programs of the State or the city or the Federal Government than to initiate continuing programs.

I have had criticism already from one of our corporation's directors who wants to make it very, very clear that we must realize we cannot take over the Government's job. It is one thing to set up an experimental program. It is another thing to have the illusion that we can take over the Government's job. It is much too big.

One of the things that we do get from private-public partnerships, however, is more flexibility in the programs. We can run our

six Ounce of Prevention centers with a maximum amount of flexibility and a minimum of bureaucracy. It is really a great pleasure, and the people who work in this program are very, very glad to be shed of some of the rules that they would have if they were working as a State agency.

There is another benefit that we were not aware of when we started, and that is that State governments and the Federal Government to some extent, too, tend to have a lot of turnover; and, therefore, it is well known that the organizations such as Federal and State governments frequently are lacking in institutional memory. We are very fortunate in our State that we have had the same Governor now for 6 years and he has got another 4 years to go.

Greg has been in the job for over 4 years, and he has a lot of experience in the job and it means a lot. We almost did not have him. We almost did not have Governor Thompson. You know, Governor Thompson won by a very, very slight margin. At that time it became very clear that while there would have been great damage to the program had the administration changed, at least there was some institutional memory in the form of the private corporation which was the partner.

So I think that there is an awful lot of reason for our Nation to get over this notion that business is over here and has to fight all the time with government which is over there, and with labor unions which are over there. We have to pull together in all these things.

We have had a marvelous partnership with the State. We have yet to have the first falling away from each other on any single subject. The State has been a marvelous partner.

Mrs. BOGGS. Now, I have violated my own rules about time, so I think that I should conclude.

But on a personal note, Mr. Harris, I am glad to know that from our Head Start days together that you have now backed all the way up to the newborn infant.

I thank both of you very much for your testimony.

[Prepared statement of Irving B. Harris follows:]

PREPARED STATEMENT OF IRVING B. HARRIS, CHAIRMAN, PITTWAY CORP., CHICAGO, ILL.

I feel highly honored to speak to you today. You have been charged with the major responsibility in an area in which I have been interested for 30 years. I am a businessman. I have been for more than 52 years. In the past 20 years, I have served as Chairman of the Pittway Corporation. We are listed on the American Stock Exchange.

As an individual and as a person who makes philanthropic grants, I have been concerned for a long time about family crises. I was particularly heartened when in the mid 1960's we undertook "The War on Poverty." That is a task which has proved to be more difficult than anyone believed it to be at the time.

Today, I'm astounded when I find that the State of Illinois is spending $200,000,000 a year coping with the crises which occur when child abuse comes to the attention of the authorities. I've also been increasingly concerned with the problems related to teenage pregnancy. Not only the high school drop-out rate for young mothers concerns me, but also the dismal future of these young mothers and fathers. But I have an even greater concern for the children who are born to mothers not married; mothers who in most instances are too young and immature to have the capacity to nurture their child in the way a human being requires to be nurtured if that child is to grow up to be a successful member of our modern day soci-

ety. Living as I do in Chicago, I know that 45 out of every 100 births in the last few years have been to women who are not married. Just think of it—45 out of every 100 births! These children are born at great risk and, if lucky, they may end up only as illiterate and unemployable. I was not surprised to read in a recent report of the Presidential Commission on Excellence in Education that 13 percent of all 17 year olds in the United States are illiterate.

My basic concern as an individual is for the human tragedy involved in each of these crises; but, as a citizen and as a businessman, I am increasingly concerned about the collective impact of thousands and thousands of individual tragedies on our nation. After all, each of these individual children is a potential employee, customer, supplier, soldier, elected public official, or an individual who will work for the City, State, or Federal Government. Unfortunately, many of them will not only fail to achieve their potential, but they will become expensive wards of society. And we all realize that the cycle of poverty tends to be self-perpetuating.

While we know from science and common sense that many of these individuals can and should be helped, it is not clear that there exists enough money or talent to cope with each of these individuals if we wait for the inevitable crisis. Every time you witness an individual crisis and you begin to understand the factors that led up to the crisis, the thought has to occur to you that there must be a better way. There must be a way to avoid the crisis by some strategy of prevention.

Our Company, Pittway, manufactures FIRST ALERT ™ at its plant in Aurora, Illinois. Aurora, like many other cities in America, has its share of teenage pregnancies, out-of-wedlock births, too many premature births, and low birth-weight babies, too many children with developmental disabilities, too much child abuse and neglect, learning and discipline problems in the schools, juvenile delinquency, alcohol abuse, drug abuse, kids dropping out of school, mounting crime rates, too many unemployable youths whose lack of education bars them from the few jobs that are available because there are fewer and fewer unskilled jobs in industries which increasingly require more office skills, computer competence, and engineering training.

In addition, Aurora is confronted with many problems resulting, in part, from a great inflow of new immigrants, many of them illegal. Concerned as we are about the long-term quality of our labor force, we felt it was important to do our share in improving the opportunities for the families and the children in this high-risk community in which we are the largest single employer. Therefore, we decided that we would organize programs to support these families in a not-for-profit, community-based, self-help center. Among other activities we planned were to teach English to Spanish-speaking mothers and fathers. Furthermore, as we moved along we were successful in getting the school system of Aurora to give regular credit for these classes. Also, one of our goals was to prevent teenage pregnancy. In an effort to forward this activity, we have organized two Girl Scout troops for girls below 12 years of age.

As we went along with the planning of this community-based center, we talked to the Department of Children and Family Services, thinking that they would be interested in our initiative and might give us some modest financial support as we attempted to lessen child abuse and neglect and other preventable children's problems, like illiteracy.

We found that the State was not only willing to help us, but was very anxious to set up a major experiment for three years in several sites. Mr. Coler, in effect, raised the ante. We had asked him for $25,000 to support a community-based program in Aurora. He said to us, will you provide $400,000 if we provide $400,000 so that we can fund an ongoing, meaningful experiment in six different sites across the State?

I took the proposal to our Charitable Foundation Board which consists of six trustees. Five of them are experienced businessmen and one is an experienced lawyer. Every one of them was enthusiastic about our joining this effort at prevention, believing as we do that not only Aurora is involved in this problem, but almost all of our major cities as well. I have been asked many times about what would motivate our Board to join in this experiment. Quite simply, as businessmen, we are aware that our Company can continue to prosper only in an environment of successful communities. Poverty, illiteracy, crime, substance abuse, early pregnancies, out-of-wedlock babies add up to a very unhealthy environment—unhealthy for society and unhealthy for business. We need high quality and well educated employees and customers and suppliers. We have to compete with other companies and other countries. We can't do it unless our Company and its people are as good and as well educated and as caring about quality as any in the world.

In agreeing to become a partner of the Illinois Department of Children and Family Services in these innovative programs, we of course were aware that they were experimental in nature. We are well aware of the need to monitor closely the impact of all of these programs. That is why we have set up a National Advisory Committee, consisting of outstanding scientists, to advise us and stay posted on the results we are achieving.

We are proud that our Company through its Charitable Foundation has so far invested $500,000 to match the Illinois DCFS in setting up and measuring the effectiveness of these six primary prevention programs. I believe that it's better to do everything we can to help the parents do a better job in giving infants a healthy start than trying to apply what might be called the Band-Aid approach—that is, superficial treatment of later symptoms of social blight (setting up drug abuse programs, unemployment relief, increasing welfare costs, more prisons, etc.). The alternative to a Band-Aid approach is what medical and social scientists frequently call primary prevention. To give an example of primary prevention, think of a playground which is used by school children daily. Suppose that the playground has a great deal of broken glass on its surface, as well as many obstacles which caused the children to trip and fall. Knowing the children will play there every day, you have one of two choices: either you can get a lot of Band-Aids ready to apply to the cuts and bruises the children will get as they fall, or you can take the time, trouble and money to clean up the playground, get rid of the glass, remove as many of the obstacles as possible.

We view the Ounce of Prevention as a catalyst, bringing together people who want information and support in their child rearing. Even simple kinds of help, like occasional baby-sitting or shopping, or just having someone to talk to and share good news with, or what seems to be a peculiar problem with the baby who didn't want to sleep last night. We also have a very few professionals who can point the way and inform people who come to our centers about available community services.

As part of our primary prevention programs, we work with schools, hospitals, the press, radio and television, lectures, all kinds of ways to inform parents and parents-to-be about such things as the need for good nutrition, the risks of heavy cigarette smoking and alcohol and drug abuse during pregnancy. Generally speaking, our aim is to help parents feel better able to cope, to give them more sense of being in charge of their own lives, and to understand that there are friends and neighbors available to them and organized services which can help them help themselves.

All of this will help them to become more competent parents, which will mean they can enjoy their baby, play with and talk to the baby, be ready themselves when the baby is ready to crawl away or toddle off to experiment for himself, and still be ready to allow the baby when he feels the need to fall back on the security of a loving, available parent.

Science tells us today that kids are very alert right from birth. In the first hour after birth they can see, hear, taste, smell and touch; they develop very fast, they learn fast, and they can give a lot of joy and feedback to a parent who starts out being not too competent, but becomes increasingly competent with a certain amount of help and support from the outside.

In the final analysis, only the parents can eventually do the job. We don't plan to "deliver services" or have "clients". We want to encourage and develop self-help networks in the communities, consisting in part of volunteers who themselves have been successful parents and come from backgrounds similar to the new parents. If we can succeed, our primary prevention will be relatively cost effective.

We have set up systems to support parents when their babies are infants and to enable parents to obtain prenatal care and nutrition advice. There is an abundance of scientific evidence that proves it is possible to favorably change the outcome for high-risk infants. We are helping parents, mothers and fathers, to better understand what they can expect from their children. We believe we can cut down on illiteracy by helping parents learn better, how to interact with their infants and toddlers. We believe we are mobilizing the human resources and the requisite skills to do the job. We believe our research will prove prevention is doable and cost effective. We think the experiment is important for the nation as a whole.

You may wonder, and I wonder, about how much private corporate support might be developed for programs such as ours. I believe quite a lot. For example, the Dayton-Hudson Company is particularly interested in addressing illiteracy problems. So also are the Gannett newspapers and the Los Angeles Times Mirror.

In Chicago, 22 of our largest companies several years ago organized what is called the Chicago United to improve racial relations. While their programs thus far have not concentrated on children, I have reason to believe that their current thrust of

increasing concentration on problems of the schools will begin to support programs to prevent illiteracy and to prevent school dropouts, which so frequently result from early pregnancy. We are planning to talk to these companies in September, if possible, to try to develop their interest in primary prevention, which would start at a much earlier age than when the children reach school. We have reason to believe that several of these companies are already interested in this approach, particularly with respect to the problem of illiteracy.

Many of these companies, and this is true of our Company as well, have recently pledged to double the percentage of our earnings available to support programs of this sort.

Going back to the Ounce of Prevention, while we expect to make a meaningful contribution in the six communities in which we are active, and while we intend to try to interest other corporations in supporting work like this, we must realize that the problem is nationwide in scope. All of our efforts, and the efforts of other private groups, will be woefully inadequate to do the job on a nationwide scale. It is clear to us that increased Federal support will be essential to help fund programs that have proven effective and can be expanded and replicated. As a nation, we have a choice of two policies about children. One policy would be to help fund primary prevention programs such as we have initiated. The other policy is to do little about this—which is our present national policy. While the up-front costs of our present policy may seem like a saving, the later costs of doing nothing are huge. As a nation, we must use our knowledge and energy to support primary prevention.

We are enthusiastic about our results thus far. Perhaps in the question period we may have an opportunity to explain more of the details that would be helpful in your considerations.

ADDENDUM

The Ounce of Prevention Fund is based on the following premise:

About 6 percent of "multi-risk" families (families with children at risk of infant mortality, perinatal morbidity, or developmental morbidity) use a very large percentage of all public expenditures for health, social, and auxiliary services, according to the report of the Congressionally Authorized Joint Commission on Mental Health of Children, 1965. Head Start in its way sought and to some extent succeeds at getting at the root of the cycle of poverty or regeneration of these multi-risk families. Head Start intervenes at age three or four. Its target is those children who are already behind in reading readiness. Many of those children are helped to catch up by the time they start first grade. Head Start is successful, but only partly successful. Too many kids by age three or four are already too set in their ways and too far behind in their development, and their caretakers are too set in their ways to permit enough positive change to occur so that these children can catch up and be able to do the work which is age appropriate in elementary school.

The very large size of this problem of multi-risk families is particularly a U.S. problem. It is my belief that countries like Australia, Canada, Japan, Germany, Sweden, Switzerland, and France do not have so many multi-risk families, nor the rising crime rates, or the increasing child abuse and illiteracy problems which we have. Part of our problem is that it is concentrated in pockets of Appalachians and Indians, but primarily blacks and Hispanics. Of course, many Appalachian, Indian, black, and Hispanic families do make it out of poverty in one generation. But many don't. Name calling and trying to place the blame are not only useless but are counterproductive.

Poverty alone is not the cause. Witness in America the rise in one generation from poverty to middle class by many former black slaves, Mexican immigrants, Irish, Jewish, Asian, Italian, and Cubans, to name only a few.

As we go along to try to remedy these problems, we should be aware that our educational institutions are not organized to train people in large numbers who will be specialists in child development for children under the age of six. Our major educational institutions train teachers for elementary school, secondary school, and colleges. But the new scientific knowledge generated in the last 20 years indicates clearly that the first three years of life are the fastest learning time for all children. Practically speaking, our training programs for people who work with infants and young children are quite haphazard. Strange to relate, pediatricians, obstetricians, nurses, teachers, and psychologists, generally speaking, are not well informed about the new knowledge regarding emotional, social and cognitive development of children under the age of five.

The Ounce of Prevention believes in helping the children from the time of birth or before. We believe that when we fail to help children develop and help the par-

ents of children help their children develop, sooner or later in most instances we will have to pay the cost. The same children who are born, perhaps, at low birth weight, and bear in mind that among multi-risk families 14 out of 100 babies are born below 5½ pounds of weight, these children will not only cost more because they have to be kept in the hospital longer, but they will result in more infant mortality and more sickness. They also frequently do not develop appropriate relationships with their mothers or caretakers or fathers. Intensive neonatal care for premature babies costs about $25,000, on average, per child. Furthermore, babies with low birth weight are more likely to exhibit developmental disabilities and physical handicaps. They also are more likely to be victims later of child abuse and neglect. They also are more subject to what is called "failure to thrive" and multiple hospitalizations. They are more likely to be involved in accidents. Retardation is more frequent among this population and, among the poor, immunization is by no means widespread, resulting in many infectious diseases which could otherwise be avoided.

The same kind of child who is behind in development will later require expensive special schooling. The schools, when the child finally reaches elementary school, will be accused of "failing to teach". These schools, as we all know, have problems of discipline. The children themselves are likely to have a poor attention span. This continues to develop until the National Commission on Excellence in Education has to discover that 13% of our 17 year olds are illiterate.

This same kind of child with poor early development, very frequently ends up going through the course of petty thievery, hustling, failing in school, hating school, perhaps dealing in drugs, using drugs, abusing alcohol, and eventually gets involved with the police.

It is no wonder that children who have not learned to read hate school. They are more likely to drop out and then hang around until there is more police involved.

This crop of children also are the ones who are most likely to end up with early pregnancy, at ages between 13 and 15, or even before. Again, the hospital costs, the cost of social workers, and the whole cycle of poverty are, again, being reinforced.

So far as I know, no one has made anything like accurate estimates of costs to society for what the extra police, extra fire department personnel, the need for extra individuals in narcotics squards, gang units and other kinds of law enforcement agencies require. Nor have the costs of insurance against burglary, fire, and car theft been estimated.

Cohorts of these poorly developed children may or may not end up in the army. If they do, they frequently have to drop out of the army, or mess up on some important assignment. Too many incompetent, illiterate young people in the military or in industry mean general incompetence. In industry, frequently young people have not developed the necessary work ethic. Their attitudes tend to be poor and if ever employed, frequent unemployment is quite likely. Broadly, I believe this is one of the causes of the productivity lag which we in industry recognize as a major problem. This has tended to make the U.S. noncompetitive in certain fields.

When the children get a little older, the police get involved again, and the courts, probation, prisons. And of course, there's the cost of new prisons. You will recall that in the past year a presidential commission recommended that we spend some $2 billion more on new prisons.

Mental illness is much more likely to occur in this population. And the cost of mental illness is a very great burden on society. We keep reading that 40 to 50 percent of minority youth is unemployed, while at the same time skilled jobs go begging.

All in all, the whole scene of violence, riots, rape, alienation, alcohol abuse, drug abuse are other characteristics of our present system of doing too little for these children at the very earliest stages of their development.

It is only in the past 20 years we have learned enough about normal child development, as well as abnormal child development, to be able to remedy these kinds of problems if we start at a very early time and use the knowledge which we have, as well as the skills for which we can train people.

In my opinion, there is no question but what we as a nation are much better off trying to apply our knowledge to primary prevention in an effort to break the intergenerational transmission of poverty. It's essential that we do it now. We cannot wait.

Mrs. BOGGS. Because we have some votes that are scheduled within the next hour or so, I feel that we should proceed now with the next panel. I know that Mr. Angell has left the room, but he

will be coming back, and I understand that Mr. Carr and Ms. Elmer are here.

Mr. Carr, it is very nice to have you with us.

Mr. Angell is aware that we are expecting him and that we are proceeding without him. We are very happy indeed to have you with us.

Mr. Carr is president of the Family Service Association of Detroit in Wayne County, and Ms. Elmer is with the Parental Stress Center in Pittsburgh, Pa. They certainly have a great deal to offer us in this hearing on Families in Crisis: The Private Sector Response.

Mr. Carr, if you would proceed, please. Could you summarize, or paraphrase your testimony, so that we will be able to conclude in about 10 minutes time? We will, of course, be happy to insert into the record your full statement.

STATEMENT OF VIRGIL CARR, PRESIDENT, FAMILY SERVICE ASSOCIATION OF DETROIT IN WAYNE COUNTY

Mr. CARR. Thank you very much.

Madam Chair, members of the panel, I am very pleased to have the opportunity to talk with you this afternoon about families, about how they are doing in my community and also what it represents from the point of view of an agency such as mine in Detroit, where we are working with families who are in rather dire straits.

Needless to say, I am honored to be here, but at the same time I am afraid the message that I bring to you is not the most glowing, nor encouraging because families in our community I think are in dire straits. In fact, I think we could probably suggest that many families in our community by and large are in a critical condition.

Before I get into, however, my dissertation on the nature of the problems that we are experiencing in our community specific to families, I probably should give you a little background about my agency, who I am, and on what base I make some of the asertions that I make about families in our community.

As the President of the local family service agency, we are one of a number of agencies nationwide that are private in nature, funded privately and are operated principally under the aegis of volunteers who constitute our board of directors. One of the things that I think is most interesting about our agency is that we are one of the younger agencies in the nonprofit family service field. We are approximately 50 years old, and we have been around the metropolitan Detroit area working on a myriad of problems that represent the most critical issues confronting families in our community.

As an organization, we operate with approximately 50 professionally trained, master's level counselors, and we attempt to address a variety of issues that are stressful for families. Operationally, we deliver services out of four separate sites in the city of Detroit. We have three additional offices in the county, and we are funded principally by the private voluntary contributions of our citizens who, through our board of directors, direct our efforts and our program.

One of the nice things, about the private agency and the kind of programs we have is that we have a great amount of flexibility. I think it gives us the ability to really relate to problems as they are

most represented in our community, and having that kind of flexibility is rather critical. I think importantly, that also puts us right in the midst of many important and timely issues.

As an agency, our program really does address the major kinds of problems that are inherent in our community. As a counseling service, our principal business is that of relating to adults and family structures, and we address a variety of issues such as marital discord, divorce, separation, child abuse, domestic violence, and depression. Currently, there is probably no one issue that is probably more critical to our families and our communities, even recognizing the issues that I have already identified, as the impact of unemployment on families.

The very quality of life in our community has been affected by unemployment and as it has had a devastating inpact on our families. For the last 3 years we have witnessed some of the difficulties and problems of unemployment and the impact on families.

Most of you have probably seen the most recent set of Government statistics on the levels of unemployment in our country. I think there must have been a large hooray, recognizing that the numbers were beginning to come down and that somehow or other the pall of unemployment was beginning to lift.

Unfortunately for our State, Michigan, the numbers went the other way. We experienced an increase in the level of unemployment, of 0.3 percent, so we are back up to 15.2 percent as a State. These are even higher numbers in metropolitan Detroit, and in our State overall we are looking at figures that approximate 640,000 people out of work. And I think you can appreciate that those numbers are so large that they approximate the entire population of some States.

Unfortunately, as one of the adjuncts of unemployment we have had other problems that are a part of the issue of supporting those families who are in the most dire need. In reviewing available data I found a striking and I think startling picture of who and how many are using food stamps in our community. The data suggests that 1 out of 5 people in the city of Detroit are on food stamps, 1 out of 8 people in the State of Michigan are using food stamps.

In addition to that, we have the problem of how do you feed people who may not be eligible for food stamps, who may not be eligible for unemployment services. Unfortunately, in our community we are almost returning to a depression era, where we are seeing soup kitchens spring up as a way of addressing the issue of hunger. Presently, we have 21 soup kitchens in the city of Detroit and over 70 sites that are feeding people in the surrounding metropolitan community.

If I can, I would like to share with you a short article from a local newspaper, the Detroit Free Press, which appeared yesterday and I think probably better than I can typify what is happening in trying to feed our population.

The article was on the front page, and the major caption was "Warm Weather Doesn't Comfort the Hungry Poor." The article begins—

"Lord, help us to be a better people, a better neighborhood, and do something for someone today and to continue to help to keep our soup kitchen open. We make no

excuse for the things that we have, for the things that we have the Lord has provided, and we are thankful. Amen."

With these words, Maude, a 53-year old mother whose children get help from welfare, and her two helpers, began dishing up breakfast at the United Sisters of Charity Soup Kitchen on Rosa Parks Boulevard. It is Saturday, and this blighted pocket of west Detroit could be a poor corner of the Caribbean. Formerly a small factory, the windowless kitchen with its whitewashed concrete block walls is relatively cool at 10 a.m. There is no fan, and the screenless door is open. Outside, the small yard is overgrown with scrub trees and weeds. Single men, mothers with children and elderly people stream in to eat grits, oatmeal and rasin, chunks of sausage and English muffins.

I think this probably typifies far too often what is happening in our community and the kinds of problems that many of our residents, and specifically some of our families, are troubled with. Against this backdrop, our agency has been attempting to address some of the critical problems over the last 3 years, that have resulted from the severe problem of unemployment.

In the very beginning, more than 3 years ago, we saw families before unemployment was an issue in our country. Many of those families were under major stress, anticipating the potential of being out of work. Their anxiety triggered relationship issues, anxiety symptoms, and sometimes child and spouse abuse.

Now we are confronted with hundreds of cases where families are trying to live with unemployment, and who are struggling with how do we survive when we live in a community where there are not jobs? How do we get our next meal? Where do they get their support from when in fact, there are cruel realities in our welfare systems and some of our major support systems that rule, them not eligible for help.

The assets test is one of the major factors that keeps many families away from the resources that they need. It is a regulation that one must have disposed of almost all material goods to be eligible for help. One of the realities is that they cannot get rid of some of the hard earned assets because there are no people wanting to buy some of their goods, short of giveaway prices. It is really a double bind in a depressed community. What happens is that we are forcing families to the very edge of survival before help is available.

What we have been seeing and continue to see in our community and around the country are families suffering from the unemployment malady. Whether it be spouse abuse, child abuse, the problems of families dissolving completely because they cannot begin to manage and handle the pressure, I think it is clear one of the root causes is unemployment.

One of our biggest concerns is and continues to be, how long will this terrible nightmare last. One of the things that is very clear at this point is that the scars, which are being inflicted on families and on the children of those families as a part of this ordeal are very real. Those scars will not go away, and all of us know from some of the testimony we have heard here and from major studies that have been done in the past that the scars are very deep whether we are talking about health, whether we are talking about emotional stability, or whether we are talking about the concept of the American dream that for many families cannot be.

I guess if there is one thing that I would like to suggest in closing, it's that we need to give a high priority to finding alternatives

to address some of the critical problems of unemployment that are confronting my community and the country. Normally our priorities direct where we place our resources. I for one place a high priority on the health of families in our country and I'm sure that you do also.

Thank you.

[Prepared statement of Virgil Carr follows:]

PREPARED STATEMENT OF VIRGIL H. CARR, PRESIDENT, FAMILY SERVICE OF DETROIT AND WAYNE COUNTY

I appreciate having the opportunity to address this task force today, to share with you some of the experiences of our agency with families in the Detroit Metropolitan area. The agency that I direct, Family Service of Detroit and Wayne County, is a not-for-profit, community agency, which serves families and individuals from throughout Wayne County. As an agency we have seven service offices in Wayne County, four of which are located in the city limits of Detroit.

For almost fifty years, the agency has been a major provider of counseling services to families in the Detroit Metropolitan community and its program has been directed by a cadre of citizen volunteer directors down through the years. Principally funded by the local United Way, the agency has a highly skilled group of professional counselors that have worked with and through a myriad of problems confronting families in our community.

Over the years, the staff of the agency has dealt with a variety of problems within families such as: marital discord, divorce, separation, re-married families, parent-child issues, incest, child abuse, spouse abuse, depression and the list goes on and on. In the last three and a half years, however, no one problem facing families in our community has been so troublesome, vexing and outright destructive of families as the complex issue of unemployment.

Recent national unemployment statistics indicated that the country was continuing to witness a gradual decline in unemployment, suggesting a lessening of the grip of joblesseness. Michigan, on the other hand, experienced a jump of 0.3 percent to a level of 15.2 percent. Between 600–700 thousand people in Michigan area without jobs, the equivalent of the population of many states. The Detroit Metropolitan are has levels of joblessness, far in excess of the state's percentages, with youth and minority unemployment frozen at all time highs.

Hand in hand with the pitiful state of joblessness, our community has witnessed a sorry return to soup kitchens and food lines rivaling the depression of the thirties. We can count over 75 such facilities in Wayne County and a total of close to 150 in our Tri-county area. Frustration with the economic woes in the community have triggered other increases, that portend untold grief for all residents even those who are fortunate enough to be working. Recent key crime statistics for the months of January and February when compared to the prior year indicate that: Homicides are up 30 percent, burglaries are up by 15 percent, aggravated assaults are up by 5 percent. These trends if continued represent a clear reversal of progress made to contain crime over the last few years.

Equally distressing is the fact, that Michigan's infant mortality rate increased from 12.8 deaths per 1,000 live births in 1980 to 13.2 deaths in 1981. This increase is a reversal of three decades of work wherein the infant mortality was cut by 50 percent. Inner-city Detroit is one of the places where the problem is the greatest. A number of other vital indicators of a community's health and well-being are as troublesome. It is against this back-drop that our agency has been struggling to serve families who are pummelled with issues of unemployment.

As a private agency we have experienced the full range of problems with families where unemployment is an issue. Over three years ago, long before the numbers of unemployed were anywhere near our current levels, we began to see early indications of a pending crisis. Unemployment was for many only a possibility but it had already begun to have its impact on families. Those with the least seniority on their jobs were acutely aware of the tenuous nature of their positions and waited anxiously for pink slips to announce their being laid off. One example taken from the agency's case load helps to make the point. (The names identifying information of families and individuals have been changed to provide confidentiality):

Stella, age 30, a divorced head of household had been employed two years and was the sole supporter of two youngsters aged 8 and 10 years. The newest employee in her department, she had heard about the bad times the company was experiencing and became quite anxious about her future. For her it began with bouts of depres-

sion and eventually her sleep was disrupted and she found herself snapping at the children for little or no reason. Stella came to the agency after attempting to discipline one of the children and discovering that she almost seriously hurt the child without knowing why.

Lay-off did come for Stella, after many weeks of anxiety in seeing others called into the supervisor's office to be notified of their lay-off. When Stella was called, she recalled the longest walk in the world, being the distance from her job site to the office. She didn't recall what was said only the request that she turn in her identification and work uniform.

Like so many of the unemployed, her job gave her status and the uniform and other work related items were her identification of that status. To strip them away was in her mind akin to being stripped naked. Stella has not yet found employment and is currently receiving welfare while she continues with our agency for emotional support.

For many others of the unemployed in our community, being unemployed is not a new phenomenon, only this time it's quite different. Many who have worked in the auto industry or related areas have experienced brief or longer periods of unemployment in the past, but always expected they would be called back to work.This time was not expected to be any different.

Another family's experience from our agency's files will help to illustrate this point:

George and Beverly, both approximately 45–50 years of age almost looked forward to George's being laid-off for a brief period of a month or so. After ten years in the plant and on the same job, he felt very comfortable about his seniority level and he had planned pretty well for the future. He anticipated that after all, he would be recalled as he had been in the past.

When lay-off did come, he and Beverly took a little trip and on their return he set out to complete the projects around the house he hadn't been able to get to in the past.

George and Beverly came to the agency after more than a year had passed and he had not yet been recalled. Their presenting problem was not unemployment but that their marriage of twenty-plus years was now rapidly deteriorating. After a few sessions with the family, it was quite clear that the old bug-a-boo unemployment had played a major role in influencing an otherwise well put together family.

George had not been recalled and it was apparent he would not be recalled by his old employer. Worry about the future, dwindling finances, uncertainty about another job were all having their effect. Depression led to an extra drink or two in the evening to "lift his spirits" but most often represented the opening bell for increasingly more damaging battles with Beverly. It had reached the point that they either got help from someone or that Beverly was going to leave.

Other families are even in worse shape where they have lost everything and have crashed rather unceremoniously from middle-class America. Some examples typifying their plight are:

Intact families and Mothers with children showing up at soup kitchens, contrary to the image of the down-and-out derelicts being the only population in need.

Loss of homes, finding some families living in their vehicles or a reversal of the concept of children leaving home—now finding that too many are forced to return home.

Families following through on the suggestion of seeking greener pastures only to discover that it's no better in other cities. Their plight upon returning home is that they may be in worse shape because of the mis-adventure.

As a representative of one of the private agencies attempting to address the crisis for families in our community, we like others have not avoided problems. Our ability to continue providing service to families, is directly related to available community resources and the ability of families to pay a fee, on a sliding scale.

Our United Way allocation has not increased in three years and in fact has in a couple of bad years, represented a reduction compared to the prior year. Because of a reduction in the resources available to families that we serve, fees for service have also declined. In addition, some families have been dumped into the private not-for-profit sector for help after exhausting insurance benefits and available assets. At the same time, the public sectors of mental health and social services have faced major cuts and have lost some ability to provide service.

To maintain a substantial program of services in such dire economic times has not been easy. Among the measures taken within our agency have been the: Reduction of agency personnel, curtailment of non-essential expenditures, employee concessions, consolidation of operations, postponement of maintenance and equipment purchases, and program modifications to affect efficiencies in service.

Even with all the efficiencies affected, our agency, like the rest of the community, faces a bleak future unless clear and real economic recovery takes place soon. Even if that takes place tomorrow, the lasting and permanent emotional and physical damage will take years to correct, if at all.

Mrs. BOGGS. Thank you very much, Mr. Carr. It is no wonder that you have just been given the "United Community Services Executive of the Year Award" for your work in forming the Coalition of Human Service Agencies to serve the unemployed in Detroit and in Wayne County.

Ms. Elmer, we would be very, very happy to hear from you. Oh, excuse me, Ms. Elmer, Mr. Angell has come in. I do not know if you have arranged your testimony to go in concert one with the other.

Ms. ELMER. Whatever way you choose.

Mrs. BOGGS. We will go ahead with your testimony if that is agreeable. Your testimony concerns your experience with the Parental Stress Center in Pittsburgh, Pa. We are very happy to have you with us.

STATEMENT OF ELIZABETH ELMER, PARENTAL STRESS CENTER, PITTSBURGH, PA.

Ms. ELMER. Thank you, Madam Chairman.

I am the director of research at the Parental Stress Center in Pittsburgh, and I am very glad to have the opportunity to talk to this committee about the manner in which the Stress Center, a private agency, has responded to the crisis demands of our clientele, who are abusive parents and their children.

If you have ever had a chance to work with such families, I am sure you will understand the yearning for a better method of intervening much earlier, before the disaster has struck.

I would like to talk a little bit about the overall Parental Stress Center, and then concentrate on a new program which we feel has much greater hope for success in ameliorating these crises.

The center was founded in 1975 by a consortium representing the four main children's agencies in Allegheny County: Children's Hospital, Allegheny County Children and Youth Services, Juvenile Court, and the Pittsburgh Child Guidance Center. We had several goals, and I will mention just two. One was to provide a safe environment for the abused or high risk baby with an individual program for maximum development. A second goal was to assess and help develop the family's parenting abilities.

We started with a residential component for five abused or high risk infants. Because of escalating costs, this component was closed after 7 years of operation. We did feel, however, that we gained a great deal of knowledge from the residential work which has been useful in the rest of the center program.

We now have five kinds of services: therapeutic day care facilities, an assessment unit, a parent training component, educational services for the professional and lay community, and a prevention project, the Bright Beginnings Warmline, which is what I will talk about a little later.

The center began under the administrative wing of Children's Hospital, but in 1982 became an independent incorporated agency. Funding has included both private and public sources. The present proportion is about 60-percent private, 40-percent public.

To summarize our experiences so far, the agency has diagnosed and treated abused and high risk infants. These would be babies from birth to approximately 2 years of age, with a concentration on those under 6 months of age. We have treated them and their families using a variety of treatment modalities, including residential care, therapeutic day care, and education for parents and foster parents.

We have seen substantial changes for the worse in the population we serve. Compared to earlier years, the parents appear to be more disorganized and chaotic. More of them seem deeply deprived, and a larger proportion have histories of psychiatric hospitalization. Several pairs of parents met each other in children's institutions, and a few other couples are ex-mental patients who were discharged to the community without adequate professional support.

I would like to add that we have found an increasing number of retarded parents among our population.

Besides their personal problems, today's parents are staggering under a larger burden of environmental difficulty than at any time in the history of the center. As might be expected, unemployment is common, but in addition, many families literally have no place to live. Some parents are what you might call bag families, to parallel the bag ladies, having few possessions and no lodging. They wander from shelter to park to library while their infants remain in substitute care.

For a long while, we felt that we were missing the boat with many of these families, despite the monumental investment of time, money, and heart. We needed to reach people before the parent-child relationship erupted into abuse or neglect, before it was visibly high risk. We decided to start a parent support service geared to the normal maturational crisis of bearing and caring for a new child. This is a crisis that all parents undergo to a lesser or a greater degree. The new service, the Bright Beginnings Warmline, offers free nonmedical telephone consultation to parents of infants and young children. Callers may remain anonymous if they wish, but most do give us their names and telephone numbers.

The primary goal of this service is to reduce the incidence of infant abuse, much of which occurs because of mistaken beliefs concerning the abilities of infants. The methods to achieve the goal are: first, to address the feelings of new parents, especially anxieties and concerns that are often unexpected, and sometimes painful; second, to promote greater parental understanding of the normal stages of development, especially through the first year of life; and third, to increase parents' enjoyment of their babies while simultaneously reducing unrealistically high expectations.

Extensive use of the media serves to draw attention to normal concerns about infant development and to provide information about coping with such problems. Literature, pamphlets, Tel-Med tapes, talk shows, TV appearances, spot announcements, and other kinds of publicity serve to publicize the Warmline, where a human response is available to parents who need help and information. The line offers concern, support, and nonmedical consultation about feelings and behavioral problems.

To date, all funding for Bright Beginnings has been private. We are indebted especially to the Pittsburgh Foundation and the

Junior League of Pittsburgh, which has provided not only funding, but also approximately 20 volunteers who are helping with the media campaign.

The background for this service is that an estimated 1 million children in this country are abused, and by far the largest single age group is under the age of 1 year. I called the American Humane just before coming down here to check on whether this proportion was still true, and it continues to be the fact that children under the age of 12 months are the biggest group of victims. Bright Beginnings is designed to help parents of children in this age group.

Pennsylvania had better than 4,400 substantiated cases of serious child abuse in 1981; 350 were under the age of 12 months. This is only a small part of the problem, since Pennsylvania's figures exclude "non-serious" injuries and psychological abuse, and many cases are known to be unreported. Mistreated children become abusive parents in an abnormal rearing cycle that repeats itself. Several studies have shown that infants are routinely slapped as discipline by parents who see their crying as defiance and believe an infant only a few months old knows right from wrong. The parents' frustration is expressed in escalating punishment.

Our society, on the other hand, offers little support for the unrelenting, 24-hour-a-day responsibility for an infant. For most parents, the arrival of a new baby, especially the first one, is a time of joy and personal satisfaction. Such parents have made appropriate preparation for the newcomer, and many have a strong supportive network to provide the advice and help they need.

Not all new parents are so fortunate. Very often the expectation of contented motherhood is replaced by the reality of isolation and depression. Sharply curtailed freedom, and augmented fatigue are common. A bewildering sense of anger and guilt may lead to resentment of this baby, and in turn to punishment for normal behavior such as crying or soiling.

I have heard parents speak of a 2-year-old girl as being out after the boys because she rolled her eyes. The new parent, especially the mother, is under tremendous stress, which goes largely unrecognized in this culture. At this early point an understanding of normal infant development and suggestion of ways to cope can make a crucial difference in the parent's permanent relationship with the child.

We have found that most new parents want to do well, and can be helped to recognize and deal with their feelings.

I see my time is over, but I would just like to tell you the current status of the Bright Beginnings Warmline. We became functional on November 1, 1982. Trained professional volunteers have answered just short of 1,000 calls, despite being open only from 9 to 5 for 5 days a week. "The Arrival," a pamphlet for new mothers, is currently being distributed in all OB departments of the city. This is an illustrated text universalizing the common reactions to childbirth and encouraging parents to call the Warmline as needed.

Our initial survey of data from call records shows that most of the callers are mothers whose concerns centered on first babies under 1 year of age. This confirms the belief that infants can be a stress for new parents. The fact that parents in large numbers turn

to a telephone service for help seems to confirm another belief, that many young caretakers lack the advice and help of older, more experienced relatives. The problems range from feeding through crying and toilet training to concerns such as the need for child care.

The goals of the volunteer who answers the phone are to be a sympathetic listener and to reinforce the parent's capacity to cope with the situation, whatever it may be.

We believe there is no one way to rear children, and that babies do well if the parents are comfortable in their child rearing practices. We also refer callers to other services when this seems indicated.

Just for a few examples of the kinds of calls we get, we had one recently from a young man whose wife had walked out a couple of days before, leaving him the only one to care for two children under age 3. He had no family around, no resources. He was unemployed. He could not even get out of the house to collect his unemployment check.

Another caller had been taken to the hospital the night before with what appeared to be a heart attack. It turned out that it was not, but they had given her some kind of a drug to relieve her pain. When she came home, she did not know whether this drug might interfere with her breast feeding, so she called her doctor, who did not know and referred her to us. It happened that we were able to get the information from the pharmacy department and pass along the information to her.

We have been gratified by the community response, indeed, by the national response to Bright Beginnings. We had a small article in a Pittsburgh magazine which was picked up by a wire service, and many stories came out all over the country, resulting in a variety of calls from places like Los Angeles, Boston, North Carolina, Florida, Detroit, and so on. However, this response is no indication as to the objective value of the service. A preliminary study is currently under way, but a more sophisticated analysis will be necessary. In the meantime, the Warmline continues to receive increasing numbers of calls, and our sources of referral have continually broadened.

We are also pleased that our callers represent a range of backgrounds from very poor to exceptionally well-to-do.

In summary, the Bright Beginnings Warmline is an approach to a normal maturational crisis that appears to be fulfilling a real community need. We believe by intervening at this early time we can defuse some of the more critical environmental crises that have been discussed today so far. The effect on abuse rates is not known, but we do think that an opportunity to help parents understand and enjoy their young children will pay off. That alone should be a positive influence on the complicated business of child rearing.

Thank you.

[Prepared statement of Elizabeth Elmer follows:]

PREPARED STATEMENT OF ELIZABETH ELMER, MSS, DIRECTOR OF RESEARCH

My name is Elizabeth Elmer and I am Director of Research at the Parental Stress Center, Inc., Pittsburgh, Pennsylvania. I appreciate the opportunity to testify before

the Task Force with respect to the manner in which the Stress Center, a private agency, has responded to the crisis demands of our clientele. My thesis is that persons involved in crisis intervention soon begin to think with feeling about the need for crisis prevention. The Parental Stress Center has recently added a program addressed to intervention in a different kind of crisis: we are intervening in the normal maturational crisis of pregnancy, delivery, and early infancy. Such intervention can also be termed "prevention," a method of de-fusing subsequent, more involved kinds of crises. The rationale and operation of this project will be discussed later. First, I would like to present a brief description of the overall Parental Stress Center program, with some impressions of the population we serve, their problems, and our success in helping. I will then describe the Bright Beginnings Warmline, a preventive crisis intervention effort.

THE PARENTAL STRESS CENTER

The Center was founded in 1975 by a consortium representing the four main children's agencies in Allegheny County: Children's Hospital of Pittsburgh, Allegheny County Youth Services, Juvenile Court of Allegheny County, and the Pittsburgh Child Guidance Center. The goals of the Center were:

(a) To provide a safe environment for the abused or high-risk baby, with programmed stimulation for maximum development;

(b) To assess and help develop the families' parenting ability;

(c) To increase foster parents' understanding of special needs of abused children in their care;

(d) To develop a body of systematic data leading to beginning guidelines for decisions regarding disposition of similar cases; and

(e) To provide education in child abuse for the lay public and training for professional workers.

The Parental Stress Center started with a residential component for five abused or high-risk infants. Because of forbidding costs, this component was closed after seven years of operation. Knowledge gained in the residential work has been exceedingly useful in the rest of the Center program: two small therapeutic day care facilities, an assessment unit, a parent training component, educational services for the professional and lay community, and a prevention project. The Center became an independent, incorporated agency in 1982. Funding has included both private and public sources; the present proportion is about 60 percent private, 40 percent public.

PROJECT BEGIN AGAIN: THE RESIDENTIAL COMPONENT

Infants from birth to approximately six months of age who had been adjudicated as deprived (a term covering both high risk and abuse) were admitted to the Center. Though infants were placed under juvenile court mandate, parents had to agree to this placement rather than placement in a foster or relative house.

The residence, located in a private adoption agency, could accommodate a maximum of five infants at one time. The intensive diagnostic-treatment process lasted an average of three months. Initially, each infant received a thorough physical and psychosocial evaluation. A suitable stimulation program was then designed to facilitate normal development.

Parents visited the Center three or four days a week to play with and care for their infant under staff supervision. The formation of a healthy, mutually satisfying attachment between parent and infant was promoted by role modeling, discussions about child development and age appropriate expectations, and techniques to increase the parents' self esteem. Videotaped feedback of parent-baby interaction also proved valuable. Every effort was made to involve the total family with the goal of assessing and strengthening each family's parenting abilities and support systems.

Other services for parents were based on detailed social histories, psychological testing, and psychiatric interviews when indicated. A wide range of help included individual and group counseling, group recreational activities, and help with environmental problems.

Following the diagnostic-treatment process, the Center made recommendations for the babies' placement to the juvenile court. Follow-up of infants returning to their natural homes was possible through a court referral to the Center's therapeutic day care program.

PROJECT BEGIN AGAIN: PARENT TRAINING COMPONENT

The goal of this Parental Stress Center program is the assessment of the potential for permanent reunion between natural parents and their children who are in

foster care. Weekly visits between natural parents and children take place in a supervised setting.

Group sessions for natural parents address the issues of parent-child interaction, separation and reunion, child development, and support systems. Foster parents also learn about abuse and the special needs of the child in foster care. This increased understanding helps the foster placement to become more therapeutic.

Following the 10-week session, recommendations are made to the court regarding the child's future placement. Eight families can be included in each training series.

FAMILIES AND CHILDREN TOGETHER (FACT)

Families and Children Together (FACT) is a therapeutic day program for abused and at-risk babies under 24 months of age, and their parents. The children in this program live in their own homes. Its purpose is to establish an environment demonstrating effective ways of caring for infants and toddlers which can be transferred to the home setting. The staff of FACT provides guidance and support to parents along with information on child development, family life, and home management. The program also aims to give the children opportunities for positive relationships and appropriate stimulation. Six to eight children and their families attend each of the two similar day care programs.

SUSPECTED CHILD ABUSE AND NEGLECT (SCAN)

This interdisciplinary educational program provides a forum for the discussion and management of high-risk children and includes consultation, planning, referral, and follow-up of the youngsters and their families. Lines of communication are kept open through weekly meetings which involve child psychiatrists, pediatricians, social workers, legal consultants, and other professionals representing a broad range of community agencies. This service is utilized by agencies from other counties in Western Pennsylvania as well as from Allegheny County.

To summarize the experience so far of the Parental Stress Center: supported by a mix of private and public funding, the agency has diagnosed and treated abused and high risk infants and their families, using a variety of treatment modalities including residential care, therapeutic day care, and education for parents, foster parents and the public. We have seen substantial changes for the worse in the population we serve. Compared to earlier years, the parents appear to be more disorganized and chaotic; more of them seem deeply deprived; and a larger proportion have histories of psychiatric hospitalization. Several pairs of parents met each other in children's institutions, and a few other pairs are ex-mental patients who were discharged to the community without adequate professional support.

Besides their personal problems, today's parents are staggering under a larger burden of environmental difficulty than at any time in the history of the Center. As might be expected, unemployment is common but in addition, many families literally have no place to live. Some parents are "bag families" to parallel "bag ladies." Having few possesions and no lodging they wander from shelter to park to library while their infants remain in substitute care.

We felt that we were missing the boat with many of our families despite the monumental investment of time, money and heart. We needed to reach people before the parent-child relationship erupted into abuse or neglect, before it was visibly high-risk.

The decision was made to start a parent support service geared to the maturational crisis of bearing and caring for a new child. Named the Bright Beginnings Warmline, the new service offered free non-medical telephone consultation to parents of infants and young children.

THE BRIGHT BEGINNINGS WARMLINE

Bright Beginnings is a program designed to provide all-out support for new parents. The primary goal is to reduce the incidence of infant abuse, much of which occurs because of mistaken beliefs concerning the abilities of infants. The methods to achieve the goal are:

(a) To address the feelings of new parents, especially anxieties and concerns that are often unexpected, sometimes painful;

(b) To promote greater parental understanding of the stages of development, especially through the first year of life; and

(c) To increase parents' enjoyment of their babies while simultaneously reducing unrealistically high expectations.

Extensive use of the media serves to draw attention to normal concerns about infant development and to provide information about coping with such problems. The core of Bright Beginnings is the Warmline, a free telephone service for parents of very young children. Literature, pamphlets, Tel-Med tapes, a newspaper column, talk show and TV appearances, spot announcements, etc., publicize the Warmline, where a human response is available to parents who need help and information. The Line offers concern, support, and non-medical consultation about feelings and behavioral problems.

BACKGROUND AND COMMUNITY NEED

An estimated one million children in this country are abused; by far the largest single age group is under the age of one year. Bright Beginnings is designed to help parents of children in this age group. Pennsylvania had 4,439 substantiated cases of serious child abuse in 1981; 350 were children under the age of one. This is but the tip of the iceberg: Pennsylvania's figures exclude "non-serious" injuries and neglect and psychological abuse, and many cases are known to be unreported.

Mistreated children become abusive parents in an abnormal rearing cycle that repeats itself. Several studies show that infants are routinely slapped as discipline by parents who see their crying as defiance and believe an infant only a few months old knows right from wrong. The parents' frustration is expressed in escalating punishment. As emotionally immature persons become parents in a society which offers little support for the isolation and demanding, unrelenting responsibility for an infant, anger and frustration threaten the health and lives of more babies.

For most parents the arrival of a new baby, especially the first one, is a time of joy and personal satisfaction. These parents have made appropriate preparation for the newcomer and many have a strong supportive network to provide the advice and help they need.

Not all new parents are so fortunate. Very often, the expectation of contented motherhood is replaced by the reality of isolation and depression. Sharply curtailed freedom and augmented fatigue are common. A bewildering sense of anger and guilt may lead to resentment of this baby and in turn to punishment for normal behavior such as crying or soiling. The new parent, especially the mother, is under tremendous stress which goes largely unrecognized by this culture. Indeed, baby-related advertisements in the media, continuously touting the pleasures of parenthood, may add to the new mother's sense of ineptitude.

At this early point, an understanding of normal infant development and suggestions of ways to cope can make a crucial difference in the parent's permanent relationship with the child. Most new parents want to do well and can be helped to recognize and deal with their feelings; they are open to advice, which should be readily and freely available.

In this country we have no systematic community support for new parents. Every new parent has to learn "on the job" because there is no formal preparation for this difficult role. Bright Beginnings is designed to help parents deal with stress and to teach parenting. This help in the crucial first year of life can create satisfying parent-child relationships that will prevent much child abuse.

CURRENT STATUS

The Bright Beginnings Warmline became functional on November 1, 1982. Trained professional volunteers have answered just short of 1,000 calls despite being open only 9-5, five days a week.

The Arrival, a pamphlet for new mothers, is currently being distributed in all obstetrical departments of the city. This illustrated text universalizes the common reactions to childbirth and encourages parents to call the Warmline as needed.

Our initial survey of data from call records shows that most of the callers are mothers whose concerns center on first babies under one year of age. This confirms the belief that infants can be a stress for new parents. The fact that parents in large numbers turn to a telephone service for help seems to confirm another belief; that many young caretakers lack the advice and help of older, more experienced relatives such as grandmothers, aunts, and sisters.

The problems discussed by callers range from feeding through crying and toilet training to concerns such as the need for child care. The goals of the volunteer telephone answering person are to be a sympathetic listener and to reinforce the parent's capacity to cope with the situation, whatever it is. We believe there is no one way to rear children, and that babies do well if the parents are comfortable in their child-rearing practices. We also refer callers to other services suited to their needs.

This activity requires constant attention to telephone numbers, locations, etc., because of the high mortality rate at present among community resources.

We have been gratified by the community response—indeed by the national response—to Bright Beginnings, however, this provides no indication as to the value of this service to parents. A preliminary study is currently underway but a more sophisticated analysis will be necessary. In the meantime the Warmline continues to receive calls and our sources of referral have continually broadened, e.g. referrals are being made by pediatricians, nurses, and other parents who have used the Warmline. We are also pleased that our callers represent a range of backgrounds, from very poor to exceptionally wealthy.

In summary, the Bright Beginnings Warmline is an approach to a normal maturational crisis that appears to be filling a real community need. The effect on abuse rates is not known but we do see an opportunity to help parents understand and enjoy their young children. That alone should be a positive influence on the complicated business of child-rearing.

Mrs. BOGGS. Thank you very much, Ms. Elmer. I will defer to Mr. Fish, who wishes to present such a splendid constituent, Mr. Stephen Angell. We are very happy to now defer to Mr. Fish.

Mr. FISH. Thank you, Madam Chairman.

It gives me great pleasure to introduce Stephen L. Angell, a neighbor of mine and a resident of Dutchess County, N.Y. He is the president of the New York State Family Services Association, president of Alternatives to Violence Projects, Inc., and currently the executive director of the Dutchess County Family Services.

Mr. Angell is a certified social worker with 25 years of experience in the human services planning field. In his testimony, Mr. Angell will indicate how reductions in funds for providing services has impacted on the programs in Dutchess County, N.Y.

We are awfully happy that you are with us, Mr. Angell.

STATEMENT OF STEPHEN ANGELL, EXECUTIVE DIRECTOR, FAMILY SERVICES OF DUTCHESS COUNTY, POUGHKEEPSIE, N.Y.

Mr. ANGELL. Thank you for that kind introduction, Mr. Fish.

The State association of which I am president draws its membership from more than 50 family service agencies located throughout the State, which agencies provide services in all major population areas of the State, and I have drawn some of the information in my testimony from talking with various ones of those agencies.

Family service agencies since their inception in the 19th century have constituted one of the major voluntary, nonprofit agency systems operating to help families and individuals cope with problems of every day living which have grown beyond their capacities to handle alone. Family Services of Dutchess County is in its 104th year. When communities are experiencing particular stresses, the family service agencies are almost certain to see this reflected in their case loads. I, therefore, feel certain that what I have to report to you today, while particularly reflective of what family agencies are experiencing in New York State, that it is also reflective to a greater or lesser degree of what is being experienced by family agencies across the Nation.

Crisis intervention is the daily business of family service agencies. People come requesting help with all kinds of crises, marriages that are in trouble, finances that are out of control, care of ill family members that are too burdensome, parent-child relationships that are strained, fears, anxieties, unbearable stress, self-doubts, and depression. These and many more problems challenge

the helping skills of family service staff as they pursue their daily work.

Agency staff help to ease the burdens and to give clients a clearer view of their options with new skills and techniques for dealing with their problems. They help people to build a strengthened belief in themselves, their own ability to solve problems, and the self-confidence to direct their own lives.

Family violence is one of the problem areas where agencies are encountering an increasing number of requests for help. This is in all likelihood occurring for two reasons. One, heightened public attention to the problem, emphasizing that this is not just a private family matter, and consequently encouraging victims to seek relief, and two, greater stress in today's society, which stress is itself a trigger mechanism for those individuals inclined toward violence as a way of coping with frustration and anger.

One New York State agency which has studied the matter reports that 5 to 6 weeks after a man has become unemployed, there is a sharply increased incidence of family violence. Yes, violence within the family has always been with us, but evidence indicates that it is now increasing. In fact, there is clear evidence that the violence syndrome is self-propagating with children of violent families turning to violence in their own lives as a way of coping. Most of those we have imprisoned for violent crimes we find have come from violent family backgrounds.

Violence is learned behavior, and can be unlearned. This, however, requires coordinated services at the local community level addressed to prevention as well as to treating victims and perpetrators. Many family agencies are providing shelters for abused women, protective services for abused children and the elderly, and treatment programs to help the abusers.

Funding cutbacks have eliminated such extraordinarily successful programs as a parent aide program in Syracuse, N.Y., which sent specially trained volunteers into homes where child abuse had been occurring to serve as role models and to teach better parenting skills.

Many of the problems of this task force's interest are very much interrelated. Alcohol and drug abuse, for example, are involved with at least two-thirds of the male batterers that our agency has in its alternatives to family violence program. Stress again can trigger someone who is so inclined to seek refuge in alcohol and drugs. If this is coupled with loss of income through unemployment, it of course exacerbates the family's financial problems and all that would naturally follow. Alcohol abuse appears to be particularly on the increase among youth. This can certainly be tied to the heightened stress for youth in today's society, the uncertainty about jobs, and the ever-present growing doubts about survival in a thermonuclear world.

Most family agencies are not directly involved in rendering emergency health care. As families come for help with other problems, however, the impact of the high cost of health care or the inadequacies of the health care system are seen. One of the problems that particularly stands out in today's scene is the loss of health care benefits by families of the unemployed and the havoc this can cause when serious health problems have struck, and the more

long term implications of not following through with usual preventive health measures because of the cost impact on very limited budgets.

It seems as though all communities, those with high unemployment as well as with low unemployment, are experiencing an increasing incidence of homeless people. Cutbacks in funds for low income housing, people on the move looking for jobs, deinstitutionalized persons, families evicted for nonpayment of rent, victims of domestic violence, youth who have separated themselves or been separated from their families, these and many other reasons would appear to account for this great increase in homelessness.

Churches along with social agencies have often tried to reach out and respond to the homeless, but still the problem in many cities exceeds the capacity of these private sources to deal with it. Even the Federal funds that are made available through Public Law 98–8 have been too little too late. One agency—and this is in Niagara Falls—reports that they have been given a grant with notification arriving on June 24. However, the money must be spent by September 30, with no indication of what happens on October 1. To mount an emergency shelter program with only 3 months assurance of funding certainly does not meet the criteria for building either a sound program or effective planning with clients.

Several areas of the State report an increased incidence of runaway youth. Family Services in Niagara Falls in the first months of 1983 served twice as many runaway youths as during the same period last year. They noted a higher percentage coming from step families. Dutchess County shows a clear upward trend with 185 runaway youths served in 1980, 386 in 1981, and 420 in 1982. Partly this can be attributed to improved programing for serving these youth, but other factors would seem also to be responsible. Increasing family stress resulting from economic stress can be one such factor.

While the problem of runaway youth has been increasing, funding to help deal with the problem has remained at the same level for the past 4 years from both the State and Federal Governments. In this respect I am referring to Dutchess County. I do not know about the other counties. This is not a problem where the weight should fall heavily on local resources. Many of the youths served are either out of county or out of State, and some communities are more likely to feel the burden of runaways than others. In 1975, the Opinion Research Corp. of Princeton, N.J., estimated that 635,000 youth run annually.

Many of the communities in New York State reported a noticeable rise in families and individuals seeking emergency food. In Dutchess County, a steady and marked increase has been noted at Dutchess Outreach, a private voluntary agency supported largely by local churches and United Way.

I would like to inject here that Dutchess County is one of the counties with lowest unemployment of any of the counties in New York State, but despite this, we have seen in 1981 emergency food was given to 2,738 individuals. In 1982 the number was 3,883. Already through the end of June 1983 food has been given to 2,667 persons. This projects to a total of over 5,300 persons in 1983.

Mrs. BOGGS. Mr. Angell, I feel miserable to have to do this, but the second bells have already rung for a vote. Mr. Fish and I will have to dash over to cast our vote, and we will be back as soon as possible.

[A brief recess was taken.]

Mrs. BOGGS. Mr. Angell, you had just projected for us the fact that there would be over 5,300 people who would need to receive this aid for 1983. I am happy to see that your statistical report for the operations is attached and, of course, will become part of the record.

So if you would like to proceed and summarize in any way you wish.

Mr. ANGELL. In many communities, coalitions of social agencies, churches, and civic groups have been formed to address this most basic and urgent problem. In many areas, public soup kitchens have been found a necessity to prevent people from starving. Cutbacks in food stamps, assistance grants which have failed to keep pace with inflation, rapidly rising costs of rental housing which have taken money away from food budgets and unemployment are among the factors which account for this phenomenon which has not been witnessed in current-day proportions since the Great Depression years.

The impacts of the Federal cutbacks have been several. First are the direct impacts as indicated by the cutback on food stamps. Stricter eligibility requirements have resulted in elimination of persons who are desperately in need of a small additional lift in their budgets. Some individuals, because of a small rise in income from social security or some other source which they do not control, have found themselves eliminated from the program and losing a benefit several times the amount of the unsolicited income rise.

I draw your attention to a report which is attached to my remarks, prepared by the Jewish Board of Family-Children Services called "Falling through the Safety Net: A Study of the Impact of Human Service Cuts and Unemployment on New York City Families ion 1982."

Second are the indirect cuts. In this circumstance, local government is faced with having to assume costs for individual services previously funded with Federal dollars, and since their budgets are limited, they must stop funding some optional service such as day care or parent aides, as earlier described, in order to keep within their budgets. Many of the agencies with whom I spoke in preparing my testimony for this hearing reported demands for service beyond their capacity to deal with them, resulting in substantial waiting lists.

An increase in the level of family and individual stress could be in part responsible, but other factors such as services closing down or tightened eligibility requirements for services from governmental agencies seem also to be impacting this outcome.

Unquestionably, in times like these when we are challenged to tighten our belts and do more with less, there is a benefit accrued in striving for greater efficiency. There is only so much belt-tightening that can take place, however, and then the impact on serv-

ices is really seen and felt. In my view we are already seeing a negative impact on services.

I did not find a single agency that thought the private sector could possibly pick up and deliver the services which the Federal Government is cutting back on. Many agencies said in funding they were at best standing still. Increased income, to the extent they were able to get it, was not even keeping pace with inflation for many United Way agencies and United Way allocations in most communities have been considerably below the level of inflation. Volunteers who have been a mainstay of many agencies' services are getting much harder to recruit. Many women who in earlier times might have been available for volunteer assignments are looking for paying jobs and are not available to do voluntary work the way they used to. A number of agency executives reported that they are spending much more time seeking out funding for their agency. Previously this administrative time would probably have gone into program development.

There has been some talk of repealing or modifying the charities contribution legislation, of which Hamilton Fish, Jr., was one of the cosponsors, and passed as part of the Economic Recovery Act. I would like to urge Members of this Congress to prevent such action from occurring. This legislation now on the statute books is vital to the private sector as we try to respond to the exigencies of the present situation.

The partnership between public and voluntary organizations that exists in this Nation for the purpose of addressing human need is unique. I think Dr. Salamon pointed this out very expertly in his testimony. I would like to add, however, that I see this as a tripartite relationship in which we have the Government, the nonprofit private and the profit private sector operating, as was certainly exemplified by what Mr. Harris said to us.

I can assure this task force that the voluntary sector will stay in the struggle, but it needs to remain a partnership, and each sector has to view its actions as to how they will impact the other. There is always room for improvement, and together, if we follow this maxim, I believe we can reach out more effectively to the desperate need for basic services in local communities across the Nation and continue the job of working for a more equitable society in which each person is given full opportunity to reach his or her maximum potential.

If there is further information this task force desires from the New York State Association of Family Service Agencies, I would be glad to cooperate in any way possible to gather it.

[Prepared statement of Stephen L. Angell follows:]

PREPARED STATEMENT OF STEPHEN L. ANGELL, M.A., CSW, ACSW, EXECUTIVE DIRECTOR, FAMILY SERVICES OF DUTCHESS COUNTY, POUGHKEEPSIE, N.Y., AND PRESIDENT, NEW YORK STATE ASSOCIATION OF FAMILY SERVICE AGENCIES

TESTIMONY

I am Stephen L. Angell, Executive Director of Family Services of Dutchess County, Poughkeepsie, New York and also President of the New York State Association of Family Service Agencies. This Association draws its membership from the more than fifty family service agencies located throughout the state, which agencies provide services in all major population areas.

Family Service agencies, since their inception in the 19th Century, have constituted one of the major voluntary non-profit agency systems operating to help families and individuals cope with problems of everyday living which have grown beyond their capacities to handle alone. Family Services of Dutchess County is in its 104th year. When communities are experiencing particular stresses the Family agencies are almost certain to see this reflected in their caseloads. I therefore feel certain that while what I have to report to you today is particularly reflective of what family agencies are experiencing in New York State, that it is also reflective, to a greater or lesser degree, of what is being experienced by family agencies across the nation.

Crisis intervention is the daily business of family service agencies. People come requesting help with all kinds of crises—marriages that are in trouble—finances that are out of control—care of ill family members that are too burdensome—parent/child relationships that are strained—fears—anxieties—unbearable stress—self doubts—and depression. These and many more problems challenge the helping skills of family service staff as they pursue their daily work. Agency staff help to ease the burdens and to give clients a clearer view of their options with new skills and techniques for dealing with their problems. They help people build a strengthened belief in themselves, their own ability to solve problems, and the self confidence to direct their own lives.

Family violence is one of the problem areas where agencies are encountering an increasing number of requests for help. This is in all likelihood occurring for two reasons: (1) heightened public attention to the problem, emphasizing that this is not just a private family matter and consequently encouraging victims to seek relief, and (2) greater stress in today's society which stress is itself a trigger mechanism for those individuals inclined toward violence as a way of coping with frustration and anger. One New York State agency, which has studied the matter, reports that 5 to 6 weeks after a man has become unemployed there is a sharply increased incidence of family violence. Yes, violence within the family has always been with us, but evidence indicates it is now increasing. In fact, there is clear evidence that the violence syndrome is self propagating with children of violent families turning to violence in their own lives as a way of coping. Most of those we have imprisoned for violent crimes, we find have come from violent family backgrounds.

Violence is learned behavior and can be unlearned. This, however, requires coordinated services at the local community level addressed to prevention, as well as to treating victims and perpetrators. Many family agencies are providing shelters for abused women, protective services for abused children and the elderly, and treatment programs to help the abusers. Funding cut-backs have eliminated such extraordinarily successful programs as a parent aide program in Syracuse, New York which sent specially trained volunteers into homes, where child abuse had been occurring, to serve as role models and to teach better parenting skills.

Many of the problems of this Task Force's interest are very much inter-related. Alcohol and drug abuse for example, are involved with at least two-thirds of the male batterers that our agency has in its Alternatives to Family Violence Program. Stress again can trigger someone who is so inclined to seek refuge in alcohol and drugs. If this is coupled with loss of income through unemployment, it, of course, exacerbates the families' financial problems and all that would naturally follow. Alcohol abuse appears to be particularly on the increase among youth. This can certainly be tied to the heightened stress for youth in today's society—the uncertainty about jobs and the ever present growing doubts about survival in a thermonuclear world.

Most family agencies are not directly involved in rendering emergency health care. As families come for help with other problems, however, the impact of the high costs of health care or the inadequacy of health care are seen. One of the problems that particularly stands out in today's scene is the loss of health care benefits by families of the unemployed and the havoc this has caused when serious health problems have struck, and the more long term implications of not following through with usual preventive health measures because of the cost impact on very limited budgets.

It seems as though all communities, those with high unemployment as well as those with low unemployment, are experiencing an increasing incidence of homeless people. Cut-backs in funds for low income housing, people on the move looking for jobs, deinstitutionalized persons, families evicted for nonpayment of rent, victims of domestic violence, youth who have separated themselves or been separated from their families—these and many other reasons would appear to account for this great increase in homelessness. Churches, along with social agencies have often tried to reach out and respond to the homeless, but still the problem in many cities exceeds

the capacity of these private sources to deal with it. Even the federal funds made available through PL 98-8 have been too little, too late. One agency reports that they have been given a grant with notification—arriving June 24th; however, the money must be spent by September 30th with no indication of what happens on October 1st. To mount an emergency shelter program with only 3 months assurance of funding certainly does not meet the criteria for building either a sound program or effective planning with clients.

Several areas of the state report an increased incidence of runaway youth. Family Services in Niagara Falls, in the first 3 months of 1983, served twice as many runaway youth as during the same period last year. They noted a higher percentage coming from step families. Dutchess County shows a clear upward trend with 185 runaway youth served in 1980, 386 in 1981 and 420 in 1982. Partly this can be atttributed to improved programming for serving these youth, but other factors would seem also to be responsible. Increasing family stress, resulting from economic stress could be one such factor. While the problem of runaway youth has been increasing, funding to help deal with the problem has remained at the same level for the past four years from both the state and federal governments. This is not a problem where the weight should fall heavily on local resources. Many of the youth served are either out-of-county or out-of-state, and some communities are more likely to feel the burden of runaways than others. In 1975 the Opinion Research Corp of Princeton, New Jersey estimated 635,000 youth run away annually. (Memorandum from Dutchess County Youth Bureau attached)

Many of the communities in New York State repored a noticeable rise in families and individuals seeking emergency food. In Dutchess County a steady and marked increase has been noted at Dutchess Outreach, Inc., a private voluntary agency supported largely by local churches and the United Way. In 1981 emergency food was given to 2,738 individuals, in 1982 the number was 3,883 and already through the end of June in 1983 food has been given to 2,667 persons. This projects to a total of over 5,300 for 1983. (Statistical report from Dutchess Outreach for 1981, 1982, and 1983 through June 30th attached). In many communities coalitions of social agencies, churches and civic groups have been formed to address this most basic and urgent problem. In many areas public soup kitchens have been found a necessity to prevent people from starving. Cut-backs in food stamps, assistance grants which have failed to keep pace with inflation, rapidly rising cost of rental housing, unemployment, are among the factors which account for this phenomenon which has not been witnessed in current day proportions since the great depression years.

The impacts of the federal cut-backs have been several. First are the direct impacts as indicated by the cut-back on food stamps. Stricter eligibility requirements have resulted in elimination of persons who are desperately in need of this small additional lift in their budgets. Some individuals because of a small rise in income from social security, or some other source which they do not control, have found themselves eliminated from the program and losing a benefit several times the amount of the unsolicited income rise. (*Falling Through the Safety Net*: A Study of the Impact of Human Services Cuts and Unemployment on new York City Families in 1982, Conducted by the Jewish Board of Family and Children's Services is attached) Second, are the indirect cutbacks. In this circumstance local government is faced with having to assume costs for individual services previously funded with federal dollars, and since their budgets are limited, they must stop funding some optional service, such as day care or parent aides, as earlier described, in order to keep within their budget.

Many of the agencies, with whom I spoke in preparing my testimony for this hearing, reported demands for service beyond their capacity to deal with them resulting in substantial waiting lists. An increase in the level of family and individual stress could be in part responsible, but other factors, such as services closing down or tightened eligibility requirements for services from governmental agencies seem also to be impacting this outcome.

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I did not find a single agency that thought the private sector could possibly pick up and deliver the services which the federal government is cutting back on. Many agencies said that in funding they were at best standing still. Increased income, to the extent they were able to get it, was not even keeping pace with inflation. Many are United Fund agencies, and United Fund allocations in most communities have been considerably below the level of inflation. Volunteers whom have been a main-

stay of many agencies' services are getting much harder to recruit. Many women who in earlier times might have been available for volunteer assignments are looking for paying jobs and are just not available to do voluntary work the way they used to. A number of agency executives reported that they are spending much more time seeking out funding for their agency. Previously this administrative time would probably have gone into program development.

There has been some talk of repealing or modifying the Charities Contribution Legislation, of which Hamilton Fish, Jr. was one of the co-sponsors, and passed as part of the Economic Recovery Act. I would like to urge members of this Congress to prevent such action from occurring. This legislation now on the statute books is vital to the private sector as we try to respond to the exigencies of the present situation. The partnership between public and voluntary organizations as it exists in this nation for the purpose of addressing human need is unique. I can assure this task force that the voluntary sector will stay in the struggle, but it needs to remain a partnership, and each sector has to view its actions as to how they will impact the other. There is always room for improvement, and together, if we follow this maxim, I believe we can reach out more effectively to the desperate need for basic services in local communities across the nation and continue the job of working for a more equitable society in which each person is given full opportunity to reach his or her maximum potential.

If there is further information this Task Force desires from our New York State Family Agencies, I would be glad to cooperate in any way possible to gather it.

[Memorandum]

DUTCHESS COUNTY YOUTH BUREAU,
Poughkeepsie, N.Y., July 7, 1983.

To: Steve Angel.
From: Vicki Best.
Subject: Runaway and homeless youth—Dutchess County.

In 1975, the Opinion Research Corp. of Princeton, New Jersey, interviewed 14,000 households with youth between the ages of 10–17 years to determine the national, annual number of runaway incidents. Their research indicated that 1.7 percent (635,000 youth) of these age cohorts run away annually. Applying Dutchess County's 1980 census figures to this formula reveals that approximately 600 10–17 year olds in the county could be expected to run away each year.

In very real terms, the county runaway and homeless youth program, River Haven, provided services to 185 youth in 1980, 386 in 1981 and 420 youth in 1982. The trend is up.

Analysis of the 420 youth served in 1982 revealed the following data: 75 percent were white females aged 15–17 years, 42 percent had runaway without parental consent, 16 percent were homeless, 74 percent had poor communications with their family, 23 percent were from single parent households, and 26 percent had experienced a change in parent figures (separation, divorce, remarriage) in the previous 12 months.

The NYS Legislature has, through the State Division for Youth, appropriated annually, since 1978, $1.3 million under the State Runaway and Homeless Youth Act. The money is used to support 75 percent of the local program's costs. However, this appropriation has not increased since 1978, even though service activity both here in D.C. and statewide has been increasing.

At the federal level, the Runaway and Homeless Youth Act (administered by H.H.S.) has had stabilized appropriation levels over the last four years. (D.C. is not eligible for these funds). Therefore, the problem with federal support is the same as the State problem; appropriation levels are not increasing with the general increase in demands for services.

Homeless youth are now presenting the most challenge to youth advocates. Growing numbers of older teenagers have "no suitable home to return to" because of family disintegration, economic pressures, etc. and typically, 16–21 year olds are not adequately "protected" under public assistance regulations, child protective laws, etc. and are difficult to serve because of the disparity among relevant laws. At the present time, no federal or state legislation specifically addresses services on provisions for homeless youth.

DUTCHESS OUTREACH, INC.

1981	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Total number families helped...	130	162	133	148	95	156	164	133	126	138	115	158	1,658
Total number families—food...	96	99	83	108	66	105	110	100	95	103	89	134	1,188
Total number individuals—food.....	247	244	202	262	153	257	259	253	221	90	202	348	2,738
Total amount spent on food.....	$244	$117	$105	$422	$194	$190	$326	$359	$244	$437	$172	$254	$3,064

DUTCHESS OUTREACH, INC.

1982	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Total number families helped	149	140	176	141	147	201	207	202	180	181	170	226	2,120
Total number families—food	93	93	119	93	97	155	177	167	141	133	152	170	1,590
Total number individuals—food	291	207	315	237	225	362	374	407	343	287	365	470	3,883
Income source:													
Employed	12	4	10	8	13	13	13	19	15	7	11	16	
Social security	11	5	8	7	6	24	19	14	9	13	12	4	
SSI	5	6	10	7	15	21	19	25	13	15	20	7	
Home relief	14	16	16	11	19	16	21	18	23	47	22	22	
ADC	25	21	28	23	19	31	30	40	32	16	25	44	
U.I.B.	3	4	1	2	1	7	2	2	4	2	6	13	
V.A.	0	1	2	1	3	4	3	0	0	2	1	1	
R.R. retirement	1	0	1	0	1	0	0	0	1	0	0	0	
No income	39	31	28	37	28	48	74	58	47	36	55	58	
Other	0	3	0	2	0	0	0	4	2	1	1	3	
Total amount spent on food	$299.14	$213.99	$143.86	$378.09	$182.12	$559.64	$718.75	$941.84	$605.09	$689.61	$333.60	$406.77	$5,472.50
Items of food received	522	697	1,683	611	1,032	638	265	127	382	571	2,213	3,208	11,949

DUTCHESS OUTREACH, INC.

1983	January	February	March	April	May	June	Total
Total number families helped	197	143	182	148	183	235	1,088
Total number families—food	178	153	172	127	174	200	1,004
Total number individuals—food	582	381	430	328	414	532	2,667
Income source:							
Employed	21	16	9	11	11	14	
Social security	9	7	7	10	16	15	
SSI	14	11	16	7	23	16	
Home relief	35	33	57	16	51	53	
ADC	37	19	23	12	19	36	
U.I.B.	6	7	4	4	11	2	
V.A.	0	4	3	1	6	3	
R.R. retirement	0	0	0	0	0	0	
No income	56	46	54	34	40	67	
Other	3	5	4	3	4	2	
Total amount spent on food	$299.77	$481.02	$696.47	$190.27	$797.19	$846.75	$3,311.47
Items of food received	1,054	969	1,836	1,860	548	1,855	8,122

VICTORIA H. BEST,
Executive Director.

FALLING THROUGH THE SAFETY NET: A STUDY OF THE IMPACT OF HUMAN SERVICE CUTS AND UNEMPLOYMENT ON NEW YORK CITY FAMILIES IN 1982

Conducted by The Jewish Board of Family and Children's Service, New York, N.Y.
March 1983

EXECUTIVE SUMMARY

The Jewish Board of Family and Children's Services, one of the largest voluntary non-profit agencies in the country, recently conducted a survey to ascertain the impact that cuts in the funding of public benefit programs and unemployment are having on New York City families.

The study was designed to answer the following questions:

How many households received some form of public benefit assistance in 1982?

How many households receiving assistance lost benefits or had them significantly reduced?

What communities in New York City were hardest hit by unemployment and loss of public benefits?

Which public benefit program was most often reduced?

In order to answer these questions, the Jewish Board conducted a one week survey of all clients seen in its network of 12 mental health clinics located throughout the five boroughs of New York City. A total of 1645 households were surveyed.

The significant findings included:

One-third of all households receiving public benefits lost all or part of those benefits

Twelve percent of all households experienced job loss or reduction in work hours

Nineteen point six percent of all Black, 21.7 percent of all Hispanic, and 8.0 percent of all White clients were adversely affected by cuts in benefits

Households surveyed in New York City's working class and middle class neighborhoods are being severely affected by cuts in benefits

Food stamps were the public benefit most often eliminated.

These findings demonstrate that while minority groups—Blacks and Hispanics—continue to represent the segment of our society hardest hit by cuts in human service programs, middle to lower middle class families, who up till now have been able to sustain themselves financially, are beginning to fall through the safety net, creating a new group of poor in our communities.

The survey: Background

One of the most frequently cited social policies of the 1980's has become the "safety net" concept, the idea that government will provide the services and programs needed to sustain those who really need help. In other words, if the safety

net is indeed intact, no individual or family will lose benefits or entitlements that are necessary for survival.

As the largest voluntary agency of its kind in the country, the Jewish Board of Family and Children's Services is in a unique position to observe the day-to-day effectiveness—or ineffectiveness—of the safety net of the 1980's. Employing more than 500 social service professionals who each year serve more than 40,000 clients in a wide variety of programs, JBFCS can provide a microcosm of what is happening both in other agencies throughout the city and to New Yorkers as a whole.

As human service budget reductions have gone into effect, JBFCS staff members have reported increasing evidence of frustration, worry, family disintegration and individual breakdown among their caseloads as the impact of public benefit losses and unemployment began to be felt. Certain questions began to emerge, based on hundreds of experiences told to caseworkers through New York:

Are people indeed falling through the safety net?

What effects have unemployment and job reduction had on individuals and families?

Are some parts of the city harder hit than others?

In order to answer these and other questions and to provide for the first time an accurate, statistical look at the impact of human service budget cuts on the people of New York, the Jewish Board undertook to survey the typical client caseload of the agency's network of twelve community-based mental health clinics. Located in the Bronx, Brooklyn, Manhattan and Staten Island, the clinics, known as the Madeleine Borg Counseling Services, serve a large, heterogeneous number of families from neighborhoods across the city. These families seek help from the agency for a wide variety of problems, most frequently for marital, parent-child or personal adjustment issues which impact on the quality of family life.

Who was surveyed

The direct-service providing staff of the JBFCS Clinics, primarily caseworkers, were asked to complete a survey of the households in their active caseload for the week of December 6, 1982. The surveys were all distributed and collected from the staff during the week beginning December 13, 1982. A total of 159 surveys were returned representing information about 1,645 households. Of this number 79.2 percent were White, 12.1 percent Black, and 8.4 percent Hispanic. Approximately 64 percent of the total caseload surveyed in this study received some type of public benefit or entitlement as a family support.

What the survey examined

The survey was designed to statistically examine several basic trends in 1982:

How many households received benefits from one or more public entitlement programs

What percentage had been deprived of public entitlement programs

Which sections of the city were hit hardest by public benefit cuts and/or job loss

Which public benefit programs sustained the deepest cuts.

The public benefits programs covered by the survey were: AFDC and Home Relief, SSI or SSD, Medicaid, Food Stamps, Public Day Care, and Subsidized School Lunch.

What the survey found

In summary, the JBFCS survey demonstrates that the impact of cuts in human services and the shrinking job market have indeed been significant.

Perhaps the single most devastating statistic documented was that almost one-third of those receiving some form of public benefits had recently lost those benefits. And more than 12% of households surveyed had experienced job loss and/or reduction of work hours in the past year—more than one-third higher than the city average.

The safety net is being strained even in the city's most disadvantaged low-income areas—one-third of households surveyed in these areas lost some or all aid. Furthermore, public benefit losses seems to be beginning to have what could become a devastating effect on the marginal family, the new poor—middle to lower-middle class families who were managing to survive with a little assistance, but who are now falling behind more each day. Their margin of safety appears to have been lost to them.

We do not know the long-range toll on families of cuts and unemployment. However, the anecdotal evidence, supported by the statistical data reorted by the JBFCS staff, indicate that frustration and despair confront many, many of these families, just at the time that the resources to serve them are shrinking drastically.

The following tables detail the specific information determined by the survey team.

TABLE 1.—SUMMARY OF TOTAL JBFCS CASELOAD, INCLUDING HOUSHOLDS RECEIVING PUBLIC BENEFITS AND THOSE WITH A REDUCTION IN PUBLIC BENEFITS [1]

	Total	White	Black	Hispanic	Ethnicity unknown
Caseload: Total number of households:					
Frequency	1,645	1,302	199	138	6
Percentage		(79.2)	(12.1)	(8.4)	(0.4)
Households receiving public benefits:					
Frequency	541	337	119	85	0
Percentage receiving public benefits (total for group)	(32.9)	(25.9)	(59.8)	(61.6)	
Households with reduction in public benefits:					
Frequency	175	104	39	30	2
Percentage cuts in public benefits (total for group on public benefits)	(32.3)	(30.9)	(30.3)	(35.3)	
Percentage cuts in public benefits (total for group)	(10.6)	(8.0)	(19.6)	(21.7)	

[1] Public benefits include AFDC; home relief, SST; SSD: medicaid; food stamps; public day care; and subsidized school lunch programs.

The Findings (table 1)

One-third of all the surveyed households receiving public benefits lost all or part of those benefits in 1982. The rate of reduction for families receiving public benefits does not differ significantly across ethnic groups.

Minority groups—Blacks and Hispanics—who typically fare the least well in our society—continue to represent the segment of our caseload hit hardest by the human service cuts. Nineteen point six percent of all Black and 21.7 percent of all Hispanic clients were adversely affected by these cuts in 1982, as contrasted to 8.0 percent of all White households surveyed. Simply put, the poor simply get poorer.

Table 1 provides a summary of the caseload reported and those households receiving public benefits. The staff was to consider the number of households in their caseload if they were treating the head of the household. This method avoided duplication in the counting of cases.

A total of 541 households received some form of public benefits. This represents approximately one-third of the total caseload for the week beginning December 6, 1982. When this figure is examined according to ethnic groups, we find 25.9 percent of White households in the caseload were receiving some form of public benefits, 59.8 percent of the Black and 61.6 percent of the Hispanics.

Of the households receiving public benefits, the survey revealed 175 cases where there had been a loss or reduction in one or more of the public benefit programs. This number represents 32.3 percent or nearly one-third of those receiving public benefits, and 10.6 percent of the total reported caseload in JBFCS during that week.

The rate of reduction for families receiving public benefits does not differ significantly across ethnic groups. However, in relation to the proportion of each ethnic group in the total caseload, 8.0 percent of all White, 19.6 percent of Black and 21.7 percent of all Hispanic clients were adversely affected by the reductions in human service programs.

Those segments of the New York population who typically fare the least well comprise the segment of our caseload hardest hit by the changes in human service programs.

TABLE 2.— *Rank order by JBFCS Office: The neighborhood impact*

[Amounts in percent]

Households receiving Public Benefits:	
JBFCS Office:	
1. Coney Island	55.6
2. Bronx (Pelham)	54.7
3. Boro Park	39.6
4. North Brooklyn	34.1
5. Canarsie	32.9
6. Co-op City	29.1
7. J. W. Beatman	26.4
8. Manhattan/West	25.4
9. Mid-Brooklyn	23.1
10. Manhattan/East	22.2

11. Staten Island	18.0
12. Thomas Askin youth project/Russian adolescent project	17.7
Households with loss of public benefits:	
1. Co-op City	44.0
2. J. W. Beatman	43.8
3. Manhattan/West	39.2
4. Mid-Brooklyn	37.8
5. Bronx Pelham	34.4
6. Coney Island	33.8
7. North Brooklyn	33.3
8. Staten Island	29.4
9. Boro Part	28.6
10. Canarsie	18.4
11. Manhattan/East	16.7
12. Thomas Askin youth project/Russian adolescent project	14.3

The findings (table 2)

New York's "marginal families" in working class and middle-class neighborhoods like Co-op City, Riverdale and the West Side of Manhattan—those barely making it with the help of public benefits—are being most quickly hit by cuts.

Even in New York's most disadvantaged, low income areas, such as Coney Island and Bronx Pelham, one-third of the households surveyed lost somne or all aid.

The distribution of offices demonstrates graphically what is meant by the term "safety net." Those offices (Coney Island and Bronx Pelham) with high proportions of households receiving public benefits serve sections of New York which are among the poorest and most blighted. However, those three offices (Co-op City, Beatman and Manhattan/West) which lead the list of cases with reductions in public benefits represent the mid-range of offices with households receiving benefits.

Apparently, households in those three offices—located in working class and/or middle class neighborhoods—were just eligible for public benefits and were the first households to be cut. These appear to be families just marginally making it with the help of public supports. They then become the families most quickly hit by the reductions in human services. They are families truly on the edge, buffeted by shifting governmental policies and eligibility standards.

For those offices serving the most disadvantaged areas in New York City, one-third of the households receiving help lost some or all of it.

TABLE 3.—*Order in which public benefit programs were reduced or eliminated*

[Amounts in percent]

Program:	*Reduction or cut*
1. Food stamps	20.0
2. Medicaid	8.9
3. AFDC/home Relief	7.6
4. SSI/SSD	5.9
5. School lunch and day care	4.8

The Finding (table 3)

One in five families receiving public benefits had their food stamps cut or eliminated.

Table 3 is a rank order of the specific public benefit programs covered in this survey. JBFCS staff was asked to count the number of households who had some reduction in each of the benefit or entitlement programs listed above.

Though one household may be cut in more than one program, the loss of food stamps nevertheless was overwhelmingly more frequent than all other service cuts. Households who are only marginally able to sustain themselves are losing the means by which they are able to supplement the family budget. The new poor are falling through the safety net.

TABLE 4.—NUMBER AND PERCENTAGE OF HOUSEHOLDS IN WHICH AT LEAST ONE MEMBER HAS LOST A JOB OR HAD WORKING HOURS REDUCED

	Total	White	Black	Hispanic	Ethnicity unknown
Job loss:					
Frequency	142	104	23	13	2

TABLE 4.—NUMBER AND PERCENTAGE OF HOUSEHOLDS IN WHICH AT LEAST ONE MEMBER HAS LOST A JOB OR HAD WORKING HOURS REDUCED—Continued

	Total	White	Black	Hispanic	Ethnicity unknown
Percentage of total group	(8.6)	(8.0)	(11.5)	(9.4)	
House reduced:					
Frequency	57	38	10	9	0
Percentage of total group	(3.5)	(2.9)	(5.0)	(6.5)	
Combined job loss or hours reduced:					
Frequency	199	142	33	22	2
Percentage of total group	(12.1)	(10.9)	(16.6)	(15.9)	

The findings (table 4)

In the last year, 12 percent of the households surveyed had a member lose a job or suffer significant work hour reduction.

Job loss or reduction has significantly affected all ethnic groups in our caseload, with the greatest impact on minority populations: it ranges from 11 percent for the White population surveyed to 15.9 percent for the Hispanic to 16.6 percent for the Black.

The impact of unemployment has been significant on the JBFCS caseload. Table 4 summarizes the figures for households surveyed where at least one member has either lost a job or had working hours reduced through no choice of his own during the 12 months prior to December 6, 1982. These figures reveal that 8.6 percent of the households in the total caseload had some person 18 years or older lose a job during the past 12 months. The distribution is surprisingly uniform across ethnic groups with the Black caseload being slightly higher. When the figures for the unemployment and work-hour reductions are aggregated, we find the alarmingly high figure of 12.1 percent. The cumulative effect of under and unemployment on families is creating additional stress and economic hardship. These families now require access to public benefits and human services, both of which are simultaneously eroding.

TABLE 5.—*Rank order of JBFCS offices by percent of office caseload losing a job during the past 12 months*

JBFCS office:	
1. Boro Park	15.1
2. Coney Island	13.5
3. Manhattan/West	12.6
4. J. W. Beatman	10.7
5. Manhattan/East	8.6
6. Co-op City	8.1
7. Bronx (Pelham)	7.7
8. Canarsie	6.7
9. North Brooklyn	6.6
10. Thomas Askin Youth Project/Russian Adolescent Project (Brooklyn)	6.3
11. Mid-Brooklyn	5.0
12. Staten Island	2.1

The finding (table 5)

Even in areas of chronic unemployment such as Coney Island, job loss was significant—approximately 40 percent over the New York City unemployment rate.

In order to obtain some idea of how unemployment among the JBFCS caseload distributes itself by neighborhood, the offices were ranked (highest to lowest) according to the proportion of the office caseload who had lost a job during the past 12 months (Table 5).

We find three offices well above the national and regional unemployment figures. The office with the highest rate of unemployment is the Boro Park office serving the Orthodox Jewish community. The range of unemployment figures is also very great (15.1 percent in Boro Park to 2.1 percent in Staten Island). Staten Island and Mid-Brooklyn appear to serve neighborhoods of securely employed households. However, even in an office such as Coney Island, where the high proportion of households on public assistnace is probably indicative of chronic unemployment (thereby

not reflected in this survey's unemployment figures), 13.5 percent of the households had someone lose a job during the past 12 months.

In other words, there things were bad, they got worse.

Mrs. BOGGS. Thank you very much, Mr. Angell.

Mr. Fish?

Mr. FISH. Thank you very much, Madam Chairman.

At the outset, I would ask unanimous consent that the memorandum from the Dutchess County Youth Bureau and the study conducted by the Jewish Board of Family and Children's Services attached to the prepared testimony of Mr. Angell be made a part of the record.

Mrs. BOGGS. They will be made a part of the record, very happily so.

Mr. FISH. Thank you.

Mr. Angell, have you any recommendations for us as to ways that the private sector, and by that I mean the business sector, might become more involved and effectively respond to the needs that you see in our communities?

Mr. ANGELL. Significantly, the Public Affairs Council, which is located here in Washington, D.C., and is an organization of the private profit sector, has had this as a major concern, and they have held two conferences on changing corporate role in the community, which has addressed just this subject matter, and James Rouse, who is chairman of the board of the Rouse Co., pointed out in the conference recently held in Baltimore, he made several points regarding business participation. His fourth point was the business community has got to put out a lot more money. It has a right to be ashamed of itself—1 percent of corporate profits spill into charitable deeds in this country. The corporations and foundations give $6 billion a year. Individuals in this country give $41 billion, which as earlier was pointed out is 50 percent of what is given.

So his suggestion was that a 1-percent increase in corporate giving would mean an addition of $2 billion more a year flowing into charitable work.

Now, I do not think money alone answers any of these problems. It is a part of the product. I think that the not-for-profit sector certainly has to respond, and as Dr. Salamon pointed out, it is very important that they accept an accountability role which they should be accountable to wherever their sources of funds come from, whether it be from the private business sector or whether it be from government. I think government has a very important role in terms of setting standards and seeing that moneys that they do make available are spent in accordance with those standard.

Mr. FISH. Thank you.

[Information requested from Stephen Angell follows:]

ADDENDUM TO TESTIMONY OF STEPHEN L. ANGELL BEFORE THE TASK FORCE ON CRISIS INTERVENTION OF THE SELECT COMMITTEE ON CHILDREN, YOUTH AND FAMILIES, IN WASHINGTON, D.C. JULY 12, 1983

Answer to question regarding contributions to be made buy the private sector in addressing crisis intervention needs of children, youth and families by Stephen L. Angell, Executive Director of Family Services of Dutchess County, New York.

The Public Affairs Council here in Washington,D.C. is an organization of the private profit sector which has taken particular interest in how business and industry

can more effectively exert leadership in helping the nation address its societal problems.

In the current issue of Public Affairs Review, which is published by the Public Affairs Council, there is an article on "Corporate Citizenship". In this article H. B. Atwater, Jr., Chairman and Chief Executive Officer of General Mills states that General Mills now requires of its executives that in stating their objectives for each new fiscal year they include a section on "external involvement". Each executive must now list his objectives for personal civic and community activity—he knows that we regard this as an important part of his job . . . "What is important is to approach corporate citizenship with the same professional commitment, sound strategic planning and the willingness to innovate and yes, to fail, that we bring to our regular business activities."

In the same article Carlton E. Spitzer, senior vice president for public affairs at Manning, Selvage and Lee, Washington, "How executives relate to public issues and community needs, the leadership they demonstrate in solving issues beyond the board room and plant gate, can do more to raise public respect than all the paid ads and glowing speeches about the private enterprise system put together. Business can address societal problems voluntarily, cooperatively, effectively, and more imaginatively than any government bureau. Business can be healer and convener, the catalyst in forming community and state-level coalitions for public/private partnerships. Business can lead the way in building for the future, moving ahead of congressional debate, showing the way instead of following."

The Public Affairs Council held, just this past spring, a conference in Baltimore, Maryland, on the topic "the Changing Corporate Role in the Community." James W. Rouse, Chairman of the Board of the Rouse Company, addressed the conference and in his address discussed four guidelines for enlightened business involvement. First he pointed out that there have got to be fundamental changes in the way we meet human needs. "We can't accept the idea that our society doesn't have a higher capability of problem solving than we are demonstrating in America now, considering the conditions in the heart of the cities."

Second, he pointed out that resources in both the public and private sectors are limited. "Therefore, cost reduction, leverage—every possible way that we can achieve a result at a lower cost—becomes a critical consideration for both the public and private sector in trying to help out at the community level. It's not only spreading resources, its using resources so they generate better results."

Third, he points out, as Father Harvey did in his testimony, that we tend to overlook the needs of the very poor. It's easier to get money for universities, hospitals, for the arts, for middle income housing than it is to get help for the very poor—they lack the "voice" and the organization to be heard. Our system needs to work better to provide for the needs of the very poor and to empower the poor to help themselves.

Fourth, James Rouse said, "the business community has got to put out a lot more money. It has a right to be ashamed of itself. One percent of corporate profits spill into charitable deeds in this country. The corporations and foundations give $6 billion a year. Individuals in this country give $41 billion a year. Fifty percent of that comes from families with incomes of under $20,000 a year! And corporations sit with enormous resources, with big profits, and give far too little. A 1 percent increase in corporate giving means $2 billion more a year flowing into charitable work."

We cannot just throw money at our social problems, whether it be public money or private money and expect this will solve the problems. We need the wide range of resources from government, from private non-profit and the private profit sectors. Government needs to set priorities and standards and see these standards met where public monies are involved. The private non-profit sector has the compassion, the knowledge and experience in dealing with these problems. It needs to show good accountability as it utilizes community resources to address these problems. The private profit sector, in addition to its fiscal resources, has much to offer in management expertise, application of new technologies, and innovative problem solving skills. In partnership where each sector pulls its full weight much can be accomplished.

Mr. FISH. Madam Chairman, I have learned since we started that Mr. Angell and Mr. Carr in their positions with family services organizations are going to be together in November, is that correct, in Detroit?

Mr. ANGELL. Correct.

Mr. FISH. That is the national meeting of——

Mr. ANGELL. Family Service Association of America.

Mr. FISH. From across the country.

Mr. ANGELL. Right.

Mr. FISH. And he has suggested to me that it might be very interesting and helpful for this committee's task force particularly, if we had all these experts together in one room and were with them in Detroit for part of that time in November to learn from them.

Mrs. BOGGS. I hope the staff is paying very good attention to this excellent suggestion, and I agree wholeheartedly.

If I may interject here, I served on the Family and Child Services Board in Washington for 12 years during a time when there was great change in the whole social structure of the city. I have lived through many of the problems that you are experiencing with too many clients: not enough professional help, not enough volunteer help, and also the need to rearrange services to meet new needs.

So I am very empathetic with what you have been doing and I am interested in how you have met the new challenges.

Mr. FISH. Ms. Elmer, you were telling us about the Parental Stress Center. How do you instruct the volunteers to know how to respond to particularly first time mothers who are seeking information about their babies or responding to the stress associated with having the children?

Ms. ELMER. First of all, we select them very carefully. These are, for the most part, women. We have one man, but they are largely women who have a background in something related to child development or parent-child relationships. They might have been teachers, psychologists, social workers, nurses, and the like. Then we give them 30 hours of intensive training having to do with infant development, parental stresses, how to talk on the telephone, proper ways to refer people, and we continue to do in-service training once a month as they fill their jobs. They learn a lot by just answering the telephone with somebody there to help them, by talking about what the call concerned, and other ways of dealing with the problem, if there seem to be.

Mr. FISH. Madam Chairman, I recall that the very first time the Select Committee met, one of our first witnesses was a pediatrician from Boston, and it is interesting how these things come back. Maybe it is helpful because Congressmen are such slow learners that we hear things repeated two or three times. But I remember him telling us about taking a group of mothers, like 30 or 40, and those he reached the day the child was born, and it made all the difference in the relationship between the mother and child; and then some he reached at different levels, and the ones he did not reach for a couple of months were a disaster.

On page 8 of your prepared testimony, Ms. Elmer, when you say you first are talking about, at the bottom of page 7, for the majority, most parents, the arrival of a new baby, et cetera, is a time of joy and satisfaction. But on page 8 you say not all new parents are so fortunate. Very often, the expectation of contented motherhood is replaced by the reality of isolation and depression.

When you say the reality of isolation and depression, are you referring there to a single parent?

Ms. ELMER. Not necessarily. I think we have learned since we have had this service that we get many calls from people you

would think would not need this kind of help. These may be women who are married to professional men and the women themselves have had a professional job of some responsibility. They put off having a baby until they are somewhat older, and then here they are with this baby that they cannot figure out. And they are used to giving orders and having things fall in place because they had maybe an administrative kind of job. You cannot do that with a baby. The baby is up all night or half the night, and one woman said, you know, I have not got anybody to talk to because all my friends are in the corporate world and none of them have babies. She had a husband who was perfectly willing to help her, but she said, that is not what I need. I need to have a feeling of somehow relating better to this baby than I am doing.

This I think is a product of the times, of the difficulty women are having about careers versus motherhood, if you will. But even if they were not administrative people in the past, after maybe 2 or 3 weeks when women have help from their mothers or their grandmothers or whatever, the husband goes back to work, the grandmother goes home, and again they are all by themselves. They got a lot of help while they were in the hospital. They had all kinds of counseling, prenatal classes, how do you bathe a baby, what is breastfeeding like and so on. But when they get home and they have this little thing there that they do not know what it wants. Maybe it is crying all the time and they do all the things they have been told to do and it goes on crying, you feel pretty stupid and you feel pretty alone.

And I think these are the things that many women do not anticipate. Nobody tells them this is going to happen, and maybe this is a conspiracy to keep people having babies, because if they knew how it was going to be, it would be a little bit more chancy for them.

Mr. FISH. In other words, the paperback version of Dr. Spock that I used 30 years ago no longer is——

Ms. ELMER. That is not all of it.

Mr. FISH. No. Too bad.

I want to thank everyone on the panel for the great care and value that their formal presentation has meant to me.

Mrs. BOGGS. Mrs. Johnson?

Mrs. JOHNSON. Thank you.

I am awfully sorry I had to miss your testimony, and I will enjoy reading about it. It is something that I have been very much involved in in my own State of Connecticut, both in working for State funding and local support, and I know what an enormous difference it does make helping people learn to parent and better applying our resources at the stage of prevention rather than intervention, both of which are important. But we are doing little in the prevention, and I appreciate your experience and am enjoying reading your testimony.

Thank you for being here.

Mrs. BOGGS. Thank you very much, Mrs. Johnson.

I wonder if the young mothers are advised that there is a natural post partum depression that adds to their stressful circumstances.

I do think also that when you find a need for counseling and training and help among all sectors of the population, regardless of

their education or their economic status, that you will begin to find some private enterprise answers to some of the problems.

Ms. ELMER. I hope so.

Mrs. BOGGS. I think that those who have been involved with the programs, such as the ones that you have engendered, particularly the Warmline, will become conscious of the fact that they need to be helpful in whatever capacity they can serve, whether it is in raising money, giving money, or actually working as volunteers.

So I congratulate you on your across-the-board service to mothers of all conditions and status.

Mr. Carr, you are such a remarkable executive and have been honored for being one. Are you familiar with the OMB Circular A122 which would prohibit using any federally funded staff, equipment or facilities for political advocacy that was mentioned here earlier today?

Mr. CARR. Yes, I am.

Mrs. BOGGS. If it is implemented, would it have any effect on your agency's operations? Are there other OMB administrative proposals which have come to your attention which pose concerns for your agency's ability to deliver services effectively?

Mr. CARR. I do not think it would have a direct effect on our agency per se because the principal amount of the resources that the agency has access to and utilizes are very much in the direct service phenomenon rather than in advocacy kinds of activities.

But one of the things that is a concern, however, is the attempt to try to impact on the agency's ability to do the advocating and also to position itself in a spokesperson's role, recognizing the client population that we serve and also their need to have people and experts being able to speak in their behalf.

I am not that mindful of other OMB circulars that would have some impact on our agency and/or organizations like ours.

Mrs. BOGGS. There is one, issued in January, that has not been publicly circulated, that would force nonprofit grantees to open their books to organizationwide single audits of all of their non-Federal funds and activities.

Would that have an adverse impact upon your activities?

Mr. CARR. Yes, it would, I think considerably.

I think our biggest concern would be sitting in the role as a private agency, as a provider of service, recognizing that we already are subject to a number of auditing processes. I think those are consistent with a variety of different funding sources. The key questions would be to what end and why is it so essential to do that?

I think also, our volunteers, who by and large are citizen volunteers who are responsible for the broad direction and activities of the agency, probably would raise major questions also about what we would view as maybe an intrusion into an area which is not necessary.

Mrs. BOGGS. Mr. Angell, would you like to comment on the same subject, please?

Mr. ANGELL. Yes, I would. I certainly think that there needs to be appropriate controls placed upon agencies that receive governmental dollars in terms of how those dollars are used, and that I

see the present laws as fulfilling that purpose and doing it very well.

The OMB regulations, as I read them and interpreted them, seemed to me would have gone very far to destroy the partnership which we have established between the nonprofit private sector and Government because I think just as you have us here today testifying, to tell you what we see on the local scene, you need that on a regular basis, whether it be on invitation for testimony, or whether it be on our initiative in terms of letters which we forward to you as Members of Congress. And I would hope that we would never reach a situation in this country where you as Members of Congress would be barred from hearing from your constituents just because they happened to be the recipients of some Federal dollars.

Mrs. BOGGS. Thank you very much.

The second bells have rung.

Mrs. Johnson?

Mrs. JOHNSON. I would just briefly be interested in the third opinion on that same subject because the Junior League is very heavily involved in advocacy in a number of areas. Would that regulation have an effect on you as well?

Ms. ELMER. I am afraid I do not know. I am not part of the Junior League myself. They have contributed to us.

Mrs. JOHNSON. I see.

Well, it would be interesting to look to see what the effect would be of agencies like yourself that are heavily supported by organizations like the Junior League, that are also heavily involved in advocacy.

Ms. ELMER. I think that would be very much to the point, yes.

Mrs. BOGGS. Thank you very much for your usual splendid input, Mrs. Johnson, and thank all of you for being with us. We are most grateful, and I am sure that the children, youth and families of this country will benefit from your participation.

[Whereupon, at 3:15 p.m., the committee recessed subject to the call of the Chair.]

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THE NONPROFIT SECTOR PROJECT

Progress Report No. 3 September 1983

SERVING COMMUNITY NEEDS: THE NONPROFIT SECTOR IN AN ERA OF GOVERNMENTAL RETRENCHMENT

Background

On June 1, 1982, The Urban Institute launched a major, three-year project to examine the scope and operations of the private, nonprofit sector in the United States, and to assess the impact on nonprofit organizations and those they serve of recent changes in public policy. This project is directed by Dr. Lester M. Salamon and is supported by numerous corporations, community foundations, and national foundations. It involves work at the national level and in sixteen local areas throughout the country. The aim of this effort is to help nonprofit and philanthropic organizations cope with the major changes in public policy and economic circumstances under way in our nation, and to provide a solid factual basis for the decisions now being made about the appropriate roles of government, nonprofit organizations, and businesses in addressing community needs.

Progress reports outlining the background of this project and detailing the first eight months of full-scale project activities were issued in October 1982 and February 1983. The present report is devoted primarily to an overview of the early findings from one of the major project activities: a survey of over 8,000 nonprofit organizations in sixteen localities across the country. A summary of progress on other project activities is also included. More complete analyses of project findings are now in preparation.

For further information on this project, contact: Anita MacIntosh, The Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037, 202/223-1950. Additional copies of this report are available from The Urban Institute Library/Information Clearinghouse, P.O. Box 7273, Dept. C, Washington, DC 20044 for a cost of $2.50 per copy, prepaid.

Initial Survey Results: The Nonprofit Human Service Sector in Perspective

A central part of The Urban Institute's Nonprofit Sector Project has been a mail survey of nonprofit human service and arts agencies launched in the late fall of 1982. This survey represents one of the most extensive efforts to gather detailed data about nonprofit organizations, their activities, their revenues, and their reactions to changing economic circumstances and government policies ever undertaken in this country. This progress report presents some of the early findings that have emerged from this survey. More complete analyses of survey results, both for the nation as a whole and for individual localities included in the study, will be forthcoming over the next six months.

The Survey Methodology

The Urban Institute Nonprofit Organization Survey was designed to fill a number of major gaps in existing knowledge about the scope and structure of the nonprofit sector, the characteristics and activities of nonprofit agencies, and the impact on this set of organizations of recent changes in government policy at both the federal and state and local levels. A mail survey was distributed in late 1982 to 8,294 organizations located in twelve metropolitan areas and four nonmetropolitan counties across the the country. These areas were chosen to provide a reasonable cross-section of the nation in terms of region, size of community, economic condition, population composition, and philanthropic activity. The organizations were identified with the aid of a team of local associates in each locality who were provided with a listing of nonprofit organizations registered with the Internal Revenue Service and asked to add or delete from this basic list from local sources. The survey covered only charitable service organizations. It did not cover funding organizations, religious congregations, or organizations providing services chiefly to their own members, such as professional associations or labor unions. It also did not cover hospitals or private universities, for which alternative sources of data are readily available. A separate subsample of private elementary and secondary schools was also surveyed in a few locales, but these results are not included here.

In eleven of the sixteen localities, the entire universe of such nonprofit organizations was surveyed. In the remaining five, samples of at least 800 organizations were used. This extensive coverage was designed to permit analysis not only at the level of the entire nation, but also at the level of individual localities.

Of the 8,294 organizations surveyed, 16 percent were deleted because they did not meet the study's nonprofit

definition, were no longer in existence, or not reachable. Of the remaining 6,868 organizations, 3,411 responded, yielding an overall return rate of 50 percent (see Table 1). To check on the representativeness of the resulting sample, a separate phone survey of a sample of nonrespondents was also conducted. This survey indicated that nonrespondents on the whole were somewhat smaller and somewhat less likely to be recipients of government funds than the respondents, but that they otherwise resembled the respondents along the dimensions of concern to us here. We are grateful to the organizations that took the time to complete the surveys so that the data reported here could be assembled.

Table 1

SAMPLE SIZES AND SURVEY RESPONSE RATES FOR COMMUNITIES PARTICIPATING IN THE URBAN INSTITUTE SURVEY OF NONPROFIT AGENCIES

Metropolitan Area or Rural County	Original Sample	Final Sample**	Valid Responses	Response Rate
NORTHEAST				
New York	1,000*	733	281	37.3%
Pittsburgh	798*	709	334	45.7%
Rhode Island (Providence)	727	607	264	34.6%
Fayette County, PA	73	65	25	38.5%
NORTH CENTRAL				
Chicago	1,000*	850	419	49.3%
Minneapolis/St. Paul	1,000*	880	311	37.9%
Flint	146	131	87	66.4%
Tuscola County, MI	21	18	9	50.0%
SOUTH				
Dallas/Fort Worth	980	739	300	41.6%
Atlanta	699	539	272	50.8%
Jackson	297	240	101	41.3%
Warren County, MS	39	36	13	36.9%
WEST				
San Francisco	1,010*	804	385	53.2%
Phoenix	413	348	162	52.8%
Boise	195	169	117	69.6%
Pinal County, AZ	61	35	17	48.6%
TOTAL ALL SITES	8,394	6,868	3,411	49.7%

*Represents a sample of the total universe of agencies. In all other sites, the entire universe of relevant nonprofits was sampled.

**Final sample deletes organizations no longer in existence, those not meeting the study's nonprofit definition, and those for which a valid forwarding address could not be found.

Initial Findings*

Although full analysis of these survey results is not yet complete, nine initial findings have emerged:

1. **Diversity of the Sector and of Individual Organizations**

   It has long been acknowledged that the nonprofit sector is a diverse component of national life, serving a wide variety of functions and providing a vast array of different services. What our survey makes clear is that this same point applies to individual organizations as well. As reflected in Table 2:

   - The organizations in our survey provide services ranging from institutional care through arts and culture and advocacy.
   - Even using fairly broadly defined service categories (e.g., social services, education and research), considerably less than half of the organizations fit into a single service category. Most organizations are involved in more than one activity, and this appears to be true not only of the large agencies but also of the small ones. (See Table 2, column 1.)

Table 2

DISTRIBUTION OF NONPROFIT ORGANIZATIONS RESPONDING TO URBAN INSTITUTE SURVEY, BY TYPE OF SERVICE PROVIDED

Type of Service	Agencies with ALL Expenditures in Service Category	Agencies with AT LEAST 50% of Expenditures in Service Category	Agencies with ANY Expenditures in Service Category
Social Services	11.0%	21.3%	66.3%
Institutional/Residential Care	3.4	8.8	16.0
Health	3.4	7.7	20.0
Mental Health	0.9	2.4	17.7
Employment/Training, Income Support	1.1	2.4	24.9
Education/Research	6.5	11.4	43.3
Housing/Community Development	1.7	3.7	16.6
Legal Services/Advocacy	1.5	3.2	14.9
Culture/Arts/Recreation	11.6	18.9	36.4
Multiple Service Categories	56.9	22.9	—
TOTAL (n = 3,330)	100.0%	100.0%	*

*Total exceeds 100% because most agencies report service provision in more than one category.

   - This diversity is even more apparent at the level of individual services such as foster care, nutritional services, and emergency assistance. The typical agency turns out to be a "mini-conglomerate" providing a mixture of different services. By recording all the activities in which an agency engages, our survey makes it possible to gain a clearer insight into the pattern of service provision among organizations and to analyze in detail the characteristics of organizations engaged in a wide assortment of different activities.
   - Of all the types of services, the most common among our survey respondents were social services (66 percent of the organizations provide some type of social service), education and research (43 percent of the organizations are involved to some extent), and arts and culture (36 percent of the organizations are involved to some extent). Within social services, the most common activities were information and referral, individual and family counseling, and day care and early childhood development.
   - Some types of activity are rarely the exclusive, or even the principal, function of an organization but are frequently one of several functions. This is

*Throughout this report percentages are computed for individual questions on the basis of the number of organizations responding to that question, and this number varies from question to question.

especially true of employment and training, advocacy, housing and community development, and mental health services.

These findings cast considerable doubt on classification schemes that attempt to fit particular nonprofit agencies into a single service category. Our data suggest that most do not fit.

2. Age

Two-thirds of the nonprofit organizations in our sample were formed during the past two decades (see Table 3). Only 33 percent were formed before 1960. This finding raises serious questions about the frequent assertion that the growth of government has displaced or destroyed private, nonprofit institutions. At a minimum, the period of rapid government expansion has apparently corresponded with a period of considerable growth of the private, nonprofit sector.

Table 3

YEAR NONPROFIT ORGANIZATIONS RESPONDING TO URBAN INSTITUTE SURVEY WERE FOUNDED

Year Formed	Number of Organizations	Percent of Organizations
Before 1930	519	15%
1931-1960	594	18
1961-1970	732	22
1971-present	1,544	46
TOTAL	3,389	101%

3. Agency Size

Most nonprofit organizations have expenditures of less than $500,000. However, most of the sector's expenditures were made by a relatively small number of organizations with expenditures of a million dollars or more each (see Table 4). Generally speaking, the larger organizations also tend to be the older, more established ones whereas the newer organizations are generally smaller. However, even among the large organizations slightly more than 60 percent were formed since 1930, and about 40 percent were formed since 1960.

Table 4

NONPROFIT ORGANIZATIONS BY SIZE OF 1982 EXPENDITURES

Expenditures	Percent of Organizations n = 2,733	Percent of Expenditures
Less than $100,000	40%	2%
$100,000 to $499,999	33	12
$500,000 to $999,999	10	10
$1 million and over	15	76
TOTAL	100%	100%

4. Funding Sources

Nonprofit organizations rely on an assortment of sources of funds (see Table 5):

- Government is, by far, the largest source of revenues for the nonprofit sector. Altogether, 58 percent of all organizations responding received some government support and government accounted for about 39 percent of the 1982 revenues of the organizations surveyed.

- The second largest source of income for nonprofit organizations, but the one that the most nonprofits rely on, are dues, fees, and charges. Altogether, 69% of all organizations reported income from this source and it accounted overall for about 29 percent of the total revenues of the organizations responding.

- Just under 20 percent of the revenues of the organizations responding came from a variety of private funding sources including United Way (five percent), other federated funders (1.5 percent), other individual giving (six percent), corporations (three percent), and foundations (three percent). The remaining 11 percent of income came from endowments and other sources.

- Important variations exist in these funding patterns in different parts of the country. Generally speaking, government support is somewhat more extensive in the northeast and midwest than in the west and the south.

Table 5

DISTRIBUTION OF NONPROFIT REVENUES, BY SOURCE, FY 1982

Revenue Source	Percent of Revenue from Source FY 1982
Government (federal/state/local)	39.1%
United Way	5.3
Other Federated Funders	1.5
Religious Organizations	1.2
Other Individual Giving	6.2
Corporate Grants	2.9
Foundation Grants	3.3
Dues, Fees, Charges	28.3
Endowment, Investment	4.6
Other	5.5
Unspecified	1.1
TOTAL (n = 2320)	100.0%

5. Impact of Government Funding Cuts

- Of the organizations reporting government support, well over half have experienced reductions in this support as a consequence of recent federal budget cuts. Another 35 percent of the agencies have had no change, which, in a time of inflation, translates into a real decline in the value of support (see Table 6).

Table 6

CHANGES IN GOVERNMENT* FUNDING ATTRIBUTED TO FEDERAL BUDGET CUTS, BY TYPE OF AGENCY

Type of Agency	Percent with Change in Government Funding: Increase	No Change	Decrease
Social Services (477)	10%	28%	62%
Institutional/Residential (178)	8	47	45
Health (164)	9	34	57
Mental Health (71)	15	25	59
Education/Research (198)	6	43	51
Employment/Training (167)	12	39	68
Housing/Community Development (98)	10	33	56
Legal Services/Advocacy (66)	3	26	72
Arts and Culture (374)	9	43	48
ALL ORGANIZATIONS** (2,697)	8%	35%	57%

Figures in parentheses are numbers of agencies responding.
*Since organizations cannot normally differentiate among the sources of government funding, "Government" includes federal, state, and local support.
**Table includes agencies that have at least 50 percent of expenditures in the specified category and receive government funding. "All Organizations" includes additional agencies that report multiple service categories.

- These reductions in government funding have been most common among organizations engaged in: employment and training (68 percent reporting reductions), advocacy and legal services (72 percent reporting reductions), social services (62 percent reporting reductions), health, mental health, and housing and community development (57-59 percent reporting reductions).

6. Changing Demand for Services

These funding reductions are taking place against a background of increased demand for services resulting from economic conditions and governmental cutbacks. Over 40 percent of all organizations reported increased demand for their services (see Table 7). These increases in demand were particularly common among organizations engaged in advocacy and legal services, employment and training, and mental health.

Table 7

CHANGES IN DEMAND FOR SERVICES, BY TYPE OF AGENCY

Type of Agency	Percent with Change in Demand for Services: Increase	No Change	Decrease
Social Services (710)	40%	46%	9%
Institutional/Residential (198)	33	55	12
Health (230)	51	40	9
Mental Health (87)	35	29	6
Education/Research (304)	32	61	7
Employment/Training (136)	61	32	7
Housing/Community Development (125)	50	46	5
Legal Services/Advocacy (120)	66	33	2
Arts and Culture (552)	24	67	9
ALL ORGANIZATIONS* (2,958)	44%	49%	8%

Figures in parentheses are numbers of agencies responding.
* Table includes agencies that have at least 50 percent of expenditures in the specified category and receive government funding. "All Organizations" includes additional agencies that report multiple service categories.

7. Coping Efforts

To cope with the resulting squeeze, many nonprofit organizations have had to make changes in their operations. Among the most common changes were these:

- *New Funding Sources:* Nonprofit organizations have been actively seeking alternative sources of funds to support their activities. Table 8 clearly indicates the greater reliance organizations have begun to place and expect to place on nongovernmental sources of support. Almost 50 percent expect increases in earned income and about 45 percent are looking to corporate and foundation sources for substantial increases in support.

  Thanks to these efforts as well as to the fact that early federal budget cuts have taken a while to work their way through the system, the overall revenues of the median organization in our sample increased by six percent between 1981 and 1982 compared to 10.1 percent between 1980 and 1981. Because the rate of inflation slowed between these two years, this means that the median organization just about kept pace with inflation both years. However, some types of organizations—particularly those principally involved in arts and culture, institutional and residential care, and mental health—were more likely to experience increases above the average, whereas other types of organizations—particularly those principally involved in legal services, advocacy, employment and training, and income support—were more likely to experience slower growth or absolute declines.

Table 8

INCREASES IN FUNDING BY SOURCE

Funding Source	Percent *Experiencing* Increase 1980-82	Percent *Expecting* Increase 1982-83
Government (2,412)	21%	19%
Foundations & Corporations (2,087)	38	45
All Individual Giving (2,410) (Private donations, United Way, etc.)	44	48
Earned Income (2,527) (Dues, fees, investment income)	49%	48%

Figures in parentheses are numbers of agencies responding.

- *Service Changes:* Nearly half of the organizations have been forced either to curtail services or increase the charges for them.
- *Staff Changes:* Almost half of the organizations have made changes in their staffing patterns, with the most common being to increase staff workload and reduce administrative staff.
- *Management Changes:* Over half of the organizations have made management changes in their organizations over the past year, including the institution of new management programs, reorganization of executive and administrative staffs, and, on a modest scale, sharing of resources and facilities with other organizations.
- Increased Use of Volunteers: The single most frequently reported coping strategy is to place greater reliance on volunteers. Nearly a third of all agencies surveyed indicated they had increased their use of volunteers over the past year. This response builds

on an existing pattern of usage of volunteers. In fact:

— nearly all nonprofits (84 percent) reported some use of volunteers;

— organizations tend to use more volunteers than paid professionals; and

— the most common use of volunteers is in direct service provision.

8. Agency Ambivalence and Concern

While responding in a variety of creative ways to the squeeze they are feeling, agencies also expressed considerable ambivalence and concern about some of the changes they are making. For example:

- While acknowledging that nonprofit organizations may have become too dependent on government funding, most organizations took issue with the notion that public funding has "significantly distorted" agency missions and objectives, and generally endorsed the position that government should make *greater* use of nonprofit organizations in delivering publicly funded services rather than less.
- While increasing their use of volunteers, most agencies stressed the limits of volunteerism in staffing their agencies and expressed strong reservations about the extensive replacement of paid professionals with volunteers.
- While looking to increased corporate support, a sizeable minority of agencies expressed doubt that corporations would support their kind of organization.

9. Underlying Optimism

Despite real signs of stress and pressure, the agencies responding to our survey also reflected a substantial measure of optimism about the future. Few agencies project substantial reductions in overall revenues for 1983 and many projected substantial increases.

The data reported here constitute just the highlights of the rich body of information contained in the survey results. Full scale reports on these results are now in preparation and will be available later this year. In addition, a follow-up survey is planned for the spring of 1984 to make it possible to chart changes over time in the structure of the sector, its funding base, and its reactions to governmental retrenchment.

Other Project Progress

In addition to the mail survey work, progress has also been made on other aspects of this project. This includes the following:

1. National Budget Update

In the first published product of this project, *The Federal Budget and the Nonprofit Sector* (The Urban Institute Press, 1982), we analyzed the implications for nonprofit organizations of the budget proposals advanced by the Reagan Administration for FY 1983 and beyond, and the early action on those proposals by the Congress. Our conclusion was that federal spending on programs of interest to nonprofit organizations would decline by $115 billion (in constant 1980 dollars) below 1980 levels over the period FY 1982-1985 under the Administration's proposals, and that nonprofit organizations stood to lose $33 billion in revenues over the same period as a consequence, including $8 billion in 1983 alone.

Since our earlier report on national budget impacts appeared, three additional developments have occurred on the federal budget front that have implications for nonprofit organizations: (a) passage in December 1982 of a continuing resolution setting spending levels for FY 1983; (b) passage in March 1983 of the Emergency Jobs Bill which affected spending levels for some programs of concern to nonprofit organizations; and (c) the presentation of the President's budget proposals for FY 1984 and beyond. In addition to these developments, Congress has passed a First Budget Resolution for FY 1984, but the controversy surrounding this resolution remains so significant that it is not clear whether the resolution will hold up in practice.

We have now analyzed the implications for nonprofit organizations of the first three of these developments. The results of this analysis will be presented in full in a forthcoming report. Some of the major conclusions, however, are these:

Table 9
CHANGES IN FEDERAL SPENDING IN FIELDS WHERE NONPROFIT ORGANIZATIONS ARE ACTIVE, FY 1982-1985, IN CONSTANT 1980 DOLLARS
($ billions)

Program Area	Actual FY 1980 Outlays	Changes from FY 1980 Levels FY 1983*	Total FY 1982-85**	Percent Change FY 1980 vs. FY 1980
Social Welfare	$ 28.5	-$ 9.7	-$ 58.0	-47%
Education/Research	22.0	- 4.2	- 27.9	-37
Health Care	53.0	- 2.5	- 18.1	-11
Income Assistance	36.4	- 3.2	- 2.2	- 6
International Aid	6.9	- 0.2	- 0.3	- 5
Arts and Culture	0.6	- 0.1	- 0.8	-40
Environment	0.7	- 0.3	- 2.3	-80
TOTAL	$148.3	-$13.5	-$107.6	-21%

*Enacted, including the Emergency Jobs Bill.
**Based on the President's FY 1984 Budget Proposals. Also includes congressional action to date, including that on the March 1983 Emergency Jobs Bill.

Table 10
CHANGES IN FEDERAL SUPPORT OF NONPROFIT ORGANIZATIONS, IN CONSTANT 1980 DOLLARS
($ billions)

Type of Organization	Federal Support in FY 1980	Changes from FY 1980 Federal Support FY 1983*	Total FY 1982-85**	Percent Change FY 1980 vs. FY 1980
Social Service	$ 6.5	-$ 2.2	-$ 13.6	-52%
Community Development	2.3	- 0.5	- 3.8	-48
Education/Research	5.5	- 0.7	- 5.1	-27
Health Care	24.9	- 1.0	- 7.3	- 9
International	0.8	- 0.1	- 0.8	-24
Arts	0.4	- 0.2	- 0.9	-66
TOTAL	$ 40.3	-$ 4.7	-$ 31.6	-32%

*Enacted, including the Emergency Jobs Bill.
**Based on the President's FY 1984 Budget Proposals. Also includes congressional action to date, including that on the March 1983 Emergency Jobs Bill.

- Federal spending in areas of concern to the nonprofit sector will decline by $107.6 billion below FY 1980 levels, after adjusting for inflation, during the period FY 1982-1986 under the actions Congress has already taken on the budget and those proposed by the President. The actions taken already for FY 1983 have reduced the value of federal support in these areas by nine percent below 1982 levels, even after taking account of the Emergency Jobs Bill (see Table 9).

- These reductions in federal activity are most pronounced in the fields of social welfare, education and research, arts and culture, and environment where the value of federal activity is projected to decline by anywhere from 37 percent to 89 percent below FY 1980 levels by FY 1986 (see Table 9).

- The enacted or proposed changes in federal spending would lead to a reduction in nonprofit revenues from federal sources of $32 billion over the five-year period FY 1982-1986. In the actions they have already taken to date, Congress and the President have reduced the revenues of nonprofit organizations an estimated $3.9 billion in FY 1982 and $4.7 billion in FY 1983 below their 1980 levels.

- Particularly heavily affected by these reductions are social service organizations, and community development organizations, for which federal support has been particularly important.

2. State and Local Budget Analysis

To determine whether state and local governments are compensating for cutbacks in federal spending and whether their use of nonprofit providers is increasing or decreasing, we launched a major effort to collect data on state and local government spending in the program areas of interest to nonprofits, and on state and local contracting with nonprofit organizations in our sixteen project sites. The focus of this effort is on fiscal years 1982 and 1983, and on five major program areas: (i) social services; (ii) employment and training; (iii) housing, community development, and community organization; (iv) health; and (v) arts and culture.

In almost none of our sites had any comprehensive effort of this sort to gauge the full extent of public spending among all units of government for this range of services ever been undertaken before. Nor did there exist a body of data on state and local government contracting with nonprofit providers. Assembling this data base has therefore been a time-consuming and tedious process.

Much of these data are now assembled and are being checked for completeness and comparability across sites in anticipation of preparation of both a major national report and a series of local site reports. Based on our review of the preliminary data so far, however, several trends stand out:

- There seems to be little change in the proportion of government funds going to nonprofit organizations in most localities.

- There are important differences in government reliance on nonprofits among program areas. Generally speaking, this reliance is greatest in the areas of social services, employment and training, and arts and culture; it is moderate in the health area; and it is lowest in the area of housing and community development.

- Within each of these program areas, there are major differences in the extent of governmental reliance on nonprofit organizations among different localities and regions. This reliance is generally greater in the northeast than in the other regions of the country.

- The allocation of responsibilities for coping with community needs in our sites turns out to be exceedingly complex and exceedingly diverse. Local communities have sorted out roles and responsibilities among different levels of government and between public and private institutions in a variety of ways. They have also formulated an assortment of cooperative arrangements among the institutions involved in meeting community needs. These diverse arrangements reflect a series of pragmatic adaptations to local circumstances and traditions and cast doubt on any effort to "sort out" functions according to some uniform national standard.

3. Religious Survey

Questionnaires were mailed to a total of 2,200 religious congregations in our sample sites in March to determine the extent to which they are involved in the direct provision of basic human services and how this has changed, if at all, as a result of recent economic changes and government budget cuts. The return rate to date is 37 percent and returns are still coming in. The data will be processed over the next few months and a report on the findings will be issued in early winter.

4. Historical Analysis

To put the empirical data we are collecting into historical context and improve our understanding of the factors that explain the regional variations in nonprofit activity we are discovering, extensive historical research has been carried out on the nonprofit sector in each of our project sites.

Among other things, this work has demonstrated that the nonprofit sector has an extensive tradition of coping with community needs throughout the country, and that the sector has frequently cooperated with government in carrying out its functions. For example:

- Well before the unification of the five boroughs of New York City in 1898, local government funds in New York were being provided to private, voluntary hospitals to help them serve the poor and to organizations like the Children's Aid Society to support industrial schools.

- As early as 1855, the State of California was granting funds to orphanages operated by nonprofit organizations.

- Following the Chicago Fire of 1871, the nonprofit Chicago Relief and Aid Society was charged with administering funds made available from both pub-

lic and private sources to aid the homeless. A similar pattern was used in the initial response to the Great Depression.

- As early as 1879, the State of Illinois had formalized its responsibility for child care through per diem payments passed through the counties to private, nonprofit training schools. Later, in 1899, the Illinois Juvenile Court system became the dominant institution for administering the public-private partnership with respect to children and youth.

- At a time when state and local governments were hesitant to get involved in federal social programs in the areas of housing, employment and training, foster care, and more recently refugee resettlement, Catholic Charities of Jackson, Mississippi, provided a vehicle for access to these programs.

5. Advisory Committee Meetings

Local advisory committees were formed in Dallas/Fort Worth and Phoenix this spring. We now have committees covering all sixteen of our sites comprised of key leaders in the nonprofit, philanthropic, business and government communities of each site. A list of advisory committee chairpersons is presented in the accompanying box.

A total of 24 advisory committee meetings were conducted during the first year of the project. Enthusiasm and interest in the project on the part of the members have been strong, and they have helped greatly in guiding our work in local areas. We look to them to ensure that the results of the work are put to effective use.

6. Presentations

Presentations on project findings have been made before a number of organizations, including: National Puerto Rican Coalition seminar; Independent Sector membership meeting; Conference Board Contributions Council; Independent Sector Research Forum; Joint Economic Committee of the U.S. Congress; Select Committee on Children, Youth, and Families of the U.S. House of Representatives; Conference Board in Europe's International Corporate Philanthropy Project.

7. Papers/Publications

A number of project publications and working papers have been prepared. These papers are available for a nominal fee, prepaid, from the Urban Institute Library/Information Clearinghouse, as noted below:

"Families in Crisis: The Capacity of Private Nonprofit Agencies to Respond," Testimony of Lester M. Salamon before the Select Committee on Children, Youth and Families, U.S. House of Representatives, July 12, 1983. ($3.00)

"The Nonprofit Sector and the Rise of Third-Party Government: The Scope, Character, and Consequences of Government Support of Nonprofit Organizations," by Lester M. Salamon, paper prepared for delivery at the Independent Sector Research Forum, "Since the Filer Commission," New York, May 3, 1983. ($5.50)

"Voluntary Organizations and the Crisis of the Welfare State," by Lester M. Salamon and James C. Musselwhite, Jr., Paper Prepared for Delivery at the Society for Public Administration's Section on Human Resources Administration, Conference on The Future of Human Services, New York, April 16, 1983. ($3.50)

"The New Federalism, the Federal Budget, and the Nonprofit Sector," Testimony of Lester M. Salamon before the Joint Economic Committee, U.S. Congress, April 14, 1983. ($3.00)

The Federal Budget and the Nonprofit Sector, by Lester M. Salamon and Alan J. Abramson (Washington, D.C.: The Urban Institute Press, 1982). ($11.50, plus $2.00 shipping, prepaid, from The Urban Institute Press, P.O. Box 19958, Hampden Station, Baltimore, MD 21211)

Chairpersons, Local Advisory Committees

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Chicago:	Garry Onili Associate Executive Director Community Renewal Society
Dallas/ Fort Worth:	Michael Romaine Executive Director The Zale Foundation
Flint:	Sybyl Atwood Executive Director Voluntary Action Center-Information and Referral Service
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Phoenix:	Timothy Hayes Vice President of Community Relations KPNX Broadcasting Company
Pittsburgh:	Justin M. Johnson Judge Superior Court of Pennsylvania
Rhode Island:	Andrew Hunt Vice President Kidder, Peabody and Co., Inc.
San Francisco:	Barry Lastra Manager, Contributions Chevron U.S.A. Inc.

"The Impact of the 1981 Tax Act on Individual Charitable Giving," by Charles T. Clotfelter and Lester M. Salamon, *National Tax Journal*, June 1982.

8. Funding

At least partial support for the second year of this project has been committed in most of our sites, including Providence, New York, Flint, Atlanta, Chicago, Dallas/Fort Worth, San Francisco, Minneapolis/St. Paul, and Pittsburgh. Several additional organizations have committed support to the project since the last progress report. These include: The Bush Foundation, First National Bank of Atlanta, *The Atlanta Journal/The Atlanta Constitution*, and Honeywell Foundation. Efforts are now under way to close the remaining funding gap for the second year of the project. (A complete list of project supporters is noted in the box below.)

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